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Current History

SEPTEMBER, 1978 VOL. 75, NO. 439

How strong is China today? What is her role in international power politics? What is her "new course"? In this issue, seven specialists evaluate conditions in the People's Republic of China. Our introductory article, discussing "significant changes in China's approach to her political, economic and social problems, . . ." points out that "For the new course to be successful, a period of political stability and the dedicated effort of the Chinese population are needed, and every effort appears to be being made by the present leaders to insure that stability and to secure that support."

China's New Course

BY JOHN BRYAN STARR
Visiting Assistant Professor of Political Science, Yale University

WRITING in these pages a year ago, O. Edmund Clubb spoke of what he called a new and "less revolutionary Sino-communism" emerging after the death of Mao Tse-tung in 1976.[1] Events since then have confirmed Clubb's conclusion and provided observers of Chinese policy a clearer and more detailed picture of what is involved in this change of course.

The new course aims to make China a "fully modern socialist state" by the turn of the next century, a goal that was enunciated both by Premier Chou En-lai, and by Chairman Mao Tse-tung. Summarized under the slogan, the "four modernizations," the policy calls for the rapid development of agriculture, industry, defense, and science and technology; it responds to the imperatives of China's political and economic situation in the late 1970's.

The basic guidelines for this program of modernization were set down in a series of documents written under the supervision of Vice Premier Teng Hsiao-p'ing in 1975, just before his second fall from power. Indeed, his much-heralded return to power in 1977 was preceded by an official rehabilitation of these documents, which had been labeled by the "Gang of Four"* as three "poisonous weeds."[2]

Since Teng's restoration, a number of specific steps have been taken to implement the four modernizations. In the agricultural sphere, the emphasis is on mechanization. A three-week-long conference to set specific goals on mechanization was convened in January, 1978. By 1980, 70 percent of farming tasks are to be mechanized on communes and state farms throughout China. By 1985, the proportion is to be raised to 85 percent.[3]

In addition to mechanization, organizational changes are planned. While emphasis is still placed on emulating the Tachai Production Brigade to establish self-reliant "Tachai-type counties" throughout China, several important aspects of that model have been significantly modified. First, the theme of self-reliance is being downplayed. Poorer areas are to receive state subsidies to aid in their development. Second, the autonomy of local decision-making has been undermined. State planning will apparently become considerably more centralized; six supra-provincial economic planning regions are projected. Finally, an important aspect of the Tachai experience was the transfer of certain ownership and accounting functions from the production teams (units of from 20 to 40 households, on the average) to the brigades of which they are a part (units of roughly 175 households, on the average, often contiguous with the natural villages in which the peasants live). In Tachai, this move was accompanied by a return to collective

*For further discussion of the "Gang of Four," see O. Edmund Clubb, "China After Mao," *Current History,* September, 1977, pp. 49ff.

[1]O. Edmund Clubb, "China After Mao," *Current History,* September, 1977, pp. 49-53, 86.

[2]*People's Daily* (Peking), July 7, 1977. The documents included a "General Program of Work for the Whole Party," an outline report on the work of the Academy of Sciences and, most interesting of all, a 20-point discussion of "certain problems in speeding up industrial development."

[3]"Farm Mechanization: Targets for 1980," *Peking Review,* vol. 21, no. 8 (February 24, 1978), pp. 10-14. The article explains that this goal involves an increase of 70 percent in the number of tractors, a 110 percent increase in tractor-drawn implements, a 136 percent increase in "walking tractors," and a 32 percent increase in drainage and irrigation machinery over the next three years.

ownership of the individual households' "private plots" used to raise produce for home consumption or private sale. In treating the Tachai experience as a model, while the gradual move to brigade-level ownership and accounting is strongly advocated, abolition of the private plots is not. In fact, a pair of articles in mid-spring reaffirmed the legitimacy of the private plot, private sideline production and the rural markets in which this produce is traded. Moreover, it emphasized the continuing importance of this private production to the development of the rural economy as a whole.[4]

One of the most important moves in the industrial sphere in 1977 was the granting to industrial workers of a long-awaited wage increase. The unified system of grades and wages which applies to workers in state-owned enterprises in China was originally instituted in 1956. While there had been promotions and raises since then, few if any were granted since the beginning of the Cultural Revolution a dozen years ago, and there were increasing manifestations of worker discontent in recent years. A January, 1978, report on the effects of the wage rise indicated that 60 percent of industrial workers had received raises, of which 18 percent were raises involving a promotion in grade.[5]

Increasing wages could only be accomplished at the expense of Mao's ideas on the question of remuneration. Whereas Mao had consistently emphasized the use of moral rather than material incentives, the wage hike was clearly based on different priorities. The contradiction is perhaps best illustrated in the awkward circumlocutions of a *People's Daily* editorial in April, 1978, which called for the "linking of moral encouragement with material rewards, with an emphasis on the former."[6]

Before their downfall, Yao Wen-yuan and Chang Ch'un-ch'iao, the Gang of Four members best known for their ability as theoretical writers, had warned of the dangers inherent in the dual system of ownership in the Chinese economy. Whereas the rural sector and its industrial component is almost exclusively owned collectively, the advanced industrial sector is virtually all state-owned. Moreover, wages in the industrial sector have been consistently higher than in the rural sector. Yao and Chang believed that this urban-rural split might assume the character of a class conflict. Their ideas were contained in two articles written in 1975 and in a text on political economy written and published in Shanghai under their sponsorship. These ideas, the book and articles in which they appeared and their authors were vigorously criticized in the spring and summer of 1978. While attempts were made to dissociate the ideas of the Gang of Four from those of Mao, Yao's and Chang's writings appear to be reasonably accurate exigeses on, rather than contradictions of, Mao's ideas on the subject during the last dozen years of his life. After the recent criticisms, the last voices warning about the potentially widening gulf between the industrial and agricultural sectors of the Chinese economy were silenced. Henceforth, urban industry was free to develop in its own most efficient manner, which, from the workers' point of view (if Soviet experience is of any relevance) might lead along a potentially alienating path.

While a concession to worker demands was being made in the form of a wage increase, their right to a limited form of participation in factory management was being curtailed with the announcement that revolutionary committees in factories were to be abandoned as a system of management.[7] Worker participation in these committees had in many instances become increasingly ritualized; nonetheless, what limited voice they afforded the workers in the management of their work places was eliminated in favor of the closer supervision of factory operations by the party committee and especially by its First Secretary. In form, this change represented a return to a much earlier stage in factory management in China.[8] In substance, however, the shift was qualitatively different from the earlier period, since it is reasonable to assume that party members in the 1970's are significantly more technically and managerially competent than their equivalent members were in the early to mid-1950's.

While the form of factory management was in process of change, much emphasis was simultaneously being placed on the reinstitution of factory rules and regulations. Many of these rules had been abandoned during the Cultural Revolution in the name of administrative simplification. Such anti-bureaucratic thrusts are, however, deemed inappropriate to the current situation, where adherence to "proletarian discipline" is the order of the day.

In the field of science and technology (and the related field of education), the changes involved in the new course are most striking. A major conference on science and technology was held in March, 1978. The conference was attended by nearly 6,000 delegates, many of whom re-emerged for the first time after many years of political criticism and professional inactivity. New journals, new institutes and

[4] *People's Daily*, March 29, 1978, and New China News Agency, April 25, 1978.

[5] New China News Agency interview with an official of the Bureau of Labor, translated in *Foreign Broadcast Information Service*—People's Republic of China *(FBIS)* January 3, 1978.

[6] *People's Daily*, April 9, 1978.

[7] *Wall Street Journal* (Asian edition), April 21, 1978. It was also announced that revolutionary committees would be abandoned in schools and universities in the near future.

[8] For descriptions of the system of management prevalent in the pre-Cultural Revolution period see Franz Schurmann, *Ideology and Organization in Communist China* (Berkeley: University of California Press, 1968), and Barry Richman, *Industrial Society in Communist China* (New York: Random House, 1969).

academies, new exchange arrangements with foreign scientists, and new guarantees that no more than one-sixth of the scientists' time would be spent in political work were all announced during the early months of 1978.

The education system, deeply affected as it had been by the Cultural Revolution, was perhaps the institution in China most deeply affected by the implementation of the new course. Late in the summer of 1977, it was announced that admission to institutions of higher learning would henceforth be based on competitive examinations to be administered on a province-by-province basis in November. It was subsequently announced that 5.7 million students had sat for the examinations, competing for some 100,000 places in universities, graduate institutes and conservatories. While political attitude and class background were still to be taken into account in screening candidates who were successful in the examinations, later discussions of the procedures made it clear that overemphasis on class background, particularly when it was based on the class status of parents or grandparents, was unfair to the candidates and thus illegitimate.[9] Academic competency is clearly the primary criterion for selection. Examinations this fall will be standardized at the national level, and a syllabus to prepare candidates was issued in the early summer.

Education facilities were expanded and plans for further expansion have been laid. More than 55 institutions of higher learning were reopened or newly opened. Plans were announced for universal middle school education in urban areas and lower middle school education in the rural areas by 1985. At a national conference on education in May, Teng called for a reinterpretation of the requirement for political study in schools to reduce the amount of time spent in exclusively political classes. He also insisted on the need for examinations, reinterpreting Mao's well-known attack on examinations[10] in defense of his position. Finally, in mid-May, it was announced that an unprecedented system of tracking gifted, normal and slow students would be introduced on a trial basis in certain key schools.

A NEW POLITICAL ENVIRONMENT

The political environment associated with the four modernizations appears to involve a revival of the united front approach typical of the Chinese Communist party in its early years. A number of steps were taken to reestablish a broad coalition of support for the party and its new policies—a coalition that had been much damaged by the emphasis on class struggle during the turbulent 1960's. Associated with the convening in March of the Fifth National People's Congress (NPC)—itself a broadly representative, nominally legislative body—was the simultaneous convening of the long moribund Chinese People's Political Consultative Committee (CPPCC). It was this committee, with delegates from a broad spectrum of political, social, economic and cultural groups in China, which had the responsibility (under party supervision) of setting up a transitional government following Liberation in 1949. A revived and newly augmented CPPCC met at both the local and the national levels and participated as observers in the meetings of the local and national people's congresses.

One important group whose representatives were included among the CPPCC and NPC delegates was singled out for particular attention. Overseas Chinese, who by one reckoning may amount to more than 19 million individuals in Southeast Asia alone,[11] were called on to participate in Chinese development efforts with the investment of their skills, their time and their capital. An Overseas Chinese Affairs Office was revivified after a decade of inactivity, and in those areas where large numbers of overseas Chinese are living, meetings were held to improve local relations with relatives and cohorts outside of China.

Still another group to benefit from the united front policy of the current leadership were rightists purged in the wake of the Hundred Flowers Campaign in 1956-1957. As many as 110,000 individuals were released from various forms of re-education and restraint in a move that was said to have been personally undertaken by Teng prior to the NPC meeting in the spring.[12] Mechanisms were also established under the auspices of local party committees for the reconsideration of the cases of those who regarded themselves as unjustly persecuted during the Cultural Revolution.

This new emphasis on restoring to full citizenship those who had formerly been treated as marginal elements involves no fundamental change in the structure of or distribution of power within the Chinese political system. It is nevertheless likely to gain the support of many Chinese whose skills and resources are regarded by the current leaders as necessary to the success of the modernization effort.

The framework within which this new and broader political coalition is being constructed was provided by the new state constitution adopted by the Fifth NPC.[13] In many respects, it resembled much more closely the first constitution of 1954 than the intervening constitution of 1969, particularly in its reemphasis of principles of "socialist legality." The Procuratorate was revived as a component of the legal-judicial

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[9] *People's Daily*, April 26 and 29, 1978.

[10] Mao Tse-tung, "Spring Festival Talk on Education," in Stuart R. Schram, ed., *Chairman Mao Talks to the People* (New York: Pantheon, 1974), pp. 201ff.

[11] *The New York Times*, May 14, 1978.

[12] *The New York Times*, June 6, 1978.

[13] The text of the constitution is translated in *Peking Review*, vol. 21, no. 11 (March 17, 1978), pp. 5-14.

system, with a view toward insuring, among other functions, the integrity of legal proceedings. Political-legal cadres and judicial personnel were much in evidence.[14] There was considerable talk of replacing the largely informal legal procedures of the Great Leap Forward and Cultural Revolution periods with formal procedures and codified law. For the first time, visitors to China were able to attend court trials.

Excluded from the new coalition were those associated with the discredited Gang of Four. After a lengthy investigation, the crimes of the four were reviewed in Premier Hua Kuo-feng's Political Report to the Eleventh Party Congress in the summer of 1977[15] and they were dismissed from party and state positions. The New Year editorial in the major media described three phases of the campaign against the Gang, the first to criticize their conspiratorial activities, the second their personal crimes, and the third their counter-revolutionary theories.[16] The winter and spring were marked with campaigns against local "agents" of the Gang at the provincial, county and municipal levels and in individual party and government agencies. A certain caution was apparently exerted to insure that the campaigns remained within carefully delimited bounds in order to minimize the associated disruption of production.

With Teng's official rehabilitation in mid-1977, and with the full-scale implementation of policies with which he has been so closely associated, speculation mounted that he constituted a potential rival for the party and state positions assumed by Hua Kuo-feng following the deaths of Chou and Mao in 1976. It was widely assumed that Hua would relinquish to Teng the post of Premier at the Fifth NPC, or that Teng would be made head of state. Instead, the documents of the Fifth Congress revealed no change in Teng's already powerful trinity of positions as Vice Premier of the government, Vice Chairman of the party and Chief of the Army's General Staff. Hua retained his dual positions as Premier and Chairman of the party; the position of head of state was not revived in the new constitution, its functions being assigned to the aging Marshal Yeh Chien-ying, who was given the position of Chairman of the Standing Committee of the NPC.

Speculation about a Hua-Teng rivalry was fueled by the publication of speeches given by both leaders at the National Science Conference, in which Teng emphasized the need for the advanced training of a small cadre of highly qualified scientists, while Hua advocated a mass-based scientific establishment infused with a "correct" political outlook.[17] Whether these remarks reflected a difference of views or of emphasis remains unclear. If the former, the dispute seems to have been resolved, at least temporarily, in Teng's favor, with the publication of a *People's Daily* editorial in April, which dealt with the relationship between redness and expertise. The editorial called for the resolution of the contradiction by means of a sort of division of labor, with politics left to the attention of one set of individuals while others engage unencumbered in scientific and technical research.[18]

Teng himself has explained to Japanese visitors that he was uninterested in assuming more prestigious and demanding positions. He is, he said, approaching the age of retirement, and he is unwilling to bring on a new succession crisis by assuming the premiership or the position of head of state. Rather, he said, he is content to operate in his present positions as a kind of talent scout to further the development of Chinese science and technology.

Despite these apparently self-effacing comments, there seems little doubt that Teng has ended his first year back in office with more actual political power than Hua. Nonetheless, the two appear to see their relationship as complementary rather than contradictory. A Chinese guide may have provided a clue to the nature of this complementary relationship when he explained to a British visitor that Hua's position is comparable to that of Queen Elizabeth and Teng's to that of Prime Minister Callaghan.[19]

It is only with considerable difficulty that the policies of this new course can be squared with the principles that Mao stressed in his final years. As O. Edmund Clubb noted a year ago, references to Mao since his death have been confined for the most part to the early period, when Mao's policies most closely paralleled those of his current successors. In his later years, however, Mao appears to have reached conclusions diametrically opposed to those of Teng, with regard to the relative costs and benefits of rapid modernization versus revolutionary deinstitutionalization. With Mao gone and with those who most strongly advocated his position now silenced, little attention is being paid to his later jeremiads. Rather, as some observers have noted, there has been a kind of indirect "de-Maoization." While the Chairman is never directly attacked, virtually all his princi-

(Continued on page 84)

[14]Interviews with legal cadres were translated in *FBIS*, April 5 and 10, 1978.

[15]The text of Hua's report is translated in *Peking Review*, vol. 20, no. 35 (August 26, 1977), pp. 23-57.

[16]*People's Daily*, January 1, 1978.

[17]The text of Teng's speech appears in *Peking Review*, vol. 21, no. 12 (March 24, 1978); that of Hua's speech is found in *Peking Review*, vol. 21, no. 13 (March 31, 1978).

[18]*People's Daily*, April 20, 1978.

[19]*The New York Times*, June 1, 1978.

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". . . China's current grand strategy is not productive of the power she seeks. The three worlds concept is not working out in the apocalyptic pattern visualized by the messianic Mao Tse-tung."

China and the Three Worlds

BY O. EDMUND CLUBB
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AFTER the death of Chairman Mao Tse-tung in September, 1976, the new leadership of the People's Republic of China (PRC) undertook fundamental revisions in the realm of domestic affairs; ideology and practice alike were turned around in industry, agriculture and education, sometimes 180 degrees, to be given a more pragmatic thrust. But time and again it was stated flatly that with regard to foreign affairs the new regime would follow Chairman Mao's "revolutionary line."

At the 11th Chinese Communist party (CCP) Congress in August, 1977, this stance became official. In his long report on China's domestic and foreign affairs, Chairman Hua Kuo-feng asserted that Mao's thesis of the differentiation of the three worlds, set forth in 1974, offered

> a correct orientation to the present international struggle, and clearly defines the main revolutionary forces, the chief enemies, and the middle forces that can be won over and united to form the broadest united front in class struggles against the chief enemies on the world arena.[1]

On November 1, 1977, the editors of the *People's Daily* presented major elaboration of that doctrine.[2] The essence of the theory is that the "imperialist" United States and the "social imperialist" Soviet Union are "the common enemies of the people of the world," and make up the first world. The third world comprises the developing nations of Asia, Africa and Latin America—and China claims membership in that world. Japan, Europe and Canada constitute the second world. The third world is to "wage an unrelenting struggle against . . . Soviet social-imperialism and United States imperialism." And since the second world like the third is subject to the exploitation and oppression of the first, in its struggle against hegemonism the third world should wherever possible win second world countries to the common revolutionary cause.

In his address to the opening session of the Fifth National People's Congress (NPC) on February 26, 1978, Hua Kuo-feng hewed strictly to the three worlds line.[3] And the preamble of the country's new constitution, adopted by the Congress, directed the Chinese to "form the broadest possible international united front against the hegemonism of the superpowers," but added: "and against a new world war, and strive for the progress and emancipation of humanity."[4]

Chinese tactics are to be flexible, to permit exploitation of all opportunities that may arise in a complicated world situation. In his August, 1977, speech to the Party Congress, Hua Kuo-feng quoted a renowned Russian authority in this regard:

> Lenin said: "The more powerful enemy can be vanquished only by exerting the utmost effort, and most thoroughly, carefully, attentively and skillfully making use *without fail* of every, even the smallest, 'rift' among the enemies, . . . and also by taking advantage of every, even the smallest, opportunity of gaining a mass ally, even though this ally be temporary, vacillating, unstable, unreliable and conditional. Those who fail to understand this, fail to understand even a particle of Marxism, or of scientific, modern Socialism in general."[5]

The applicability of that concept to the triangular Sino-Soviet-American relationship was not difficult to discern: the role of the United States as the "secondary enemy" of the Maoist scenario is to destroy the Soviet Union ("the principal enemy of the moment"), after which it would then be destroyed in turn by a revolutionary united front headed by China.

The formation of that united front is the nub of Peking's problem. The above-quoted preamble to the 1978 constitution provided that, in implementation of the three worlds strategy, China should strengthen

[1]Hua Kuo-feng, "Political Report to the 11th National Congress of the Communist Party of China," *Peking Review,* August 26, 1977, pp. 23-57, esp. p. 41.

[2]For the English-language version, see Editorial Department of *'Jen-min Jih-pao,'* "Chairman Mao's Theory of the Differentiation of the Three Worlds Is a Major Contribution to Marxism-Leninism," in *Peking Review,* November 4, 1977, pp. 10-41.

[3]Hua Kuo-feng, "Report on the Work of the Government," *Peking Review,* March 10, 1978, pp. 7-40.

[4]*Ibid.,* March 17, 1978, p. 6.

[5]Hua Kuo-feng, *op. cit.,* pp. 41-42.

her unity with, inter alia, the socialist countries (with the Soviet Union, of course, deemed beyond the pale). Despite China's selectivity in that field, she has had only limited success. Peking has wooed Romania, and enjoys good relations with her—but Romania, despite her occasional dissent from the Kremlin line, still maintains amicable relations with Moscow.

The example of Yugoslavia, castigated for years by Peking as arch "revisionist," is even more instructive. Marshal Yosip Broz Tito visited Peking at the end of August, 1977. In his welcoming banquet speech, Hua Kuo-feng religiously voiced the Maoist dogma that the superpowers' rivalry "is bound to lead to a world war some day." Tito responded with a reference to China's contribution to the Bandung Conference of 1955 that had given "strong impetus to the idea of peaceful coexistence," and addressed the issue directly: "Much to our regret, we cannot say today that peace has been secured, irrespective of the desires of the great majority of mankind. However, the war is not unavoidable, either."[6] He went on to express his firm belief in the progress of international cooperation and understanding, and said, "There is no alternative to it." The two countries, nevertheless, found enough of common interest to reach an agreement for economic, technical, scientific and cultural cooperation, and a decision to quadruple their commerce in 1978.[7] Then, in early March, 1978, by invitation of the Yugoslav Communist League, an official Chinese delegation left Peking to visit Belgrade. Friendly party-to-party relations had been established between the two countries whose governing Communist ideologies had long been judged antithetical; but while China strove for a worldwide united front, Yugoslavia remained "nonaligned."

China's relationship with Albania, long regarded as her closest ideological and political ally, has developed even more tellingly. Tirana had early become disturbed by what it viewed as a rightist shift in Chinese policy after the death of Mao Tse-tung. On September 2, 1977, the *Peking Review* published excerpts from an article carried by the Japanese magazine *Theory and Practice* in support of the three worlds strategy. The main thrust of the excerpt was directed against Albanian criticism of China's tactic of siding with the United States against the Soviet Union:

> Labeling as capitulation the Marxist-Leninist concept of making use of the contradictions among imperialist countries to the advantage of the revolution is a slander. . . .
>
> To advocate making no distinction between the major enemy and the minor one, but to make enemies one after another, expand the enemy camp and scatter the fire of attack—this weakens the attack on the enemy.[8]

On Albania's independence day, November 26, Premier Mehmut Shehu made a statement in the nature of a categorical retort. Without naming the Chinese, Shehu said that:

> The supporters of the "three worlds" are in course of losing their mask by their pro-imperialist activity. . . . The peoples see that the proponents of the theory have become the most zealous advocates and the most ardent defenders of the interests of American imperialism and of the Occidental reactionary bourgeoisie, of all world reaction. . . .
>
> The theoreticians of the "three worlds" proclaim that American imperialism is in decay, in retreat and on the defensive, while Soviet social-imperialism is athirst for expansion and on the offensive; therefore it is Soviet social-imperialism which is the more dangerous while American imperialism is less dangerous for peoples. It is as if one said that the red wolf is more dangerous than the grey wolf! . . .
>
> It is clear for all that Soviet social-imperialism is a sworn enemy of the revolution and of the peoples. . . .
>
> But American imperialism is not less dangerous. . . .
>
> Besides, it is not at all true that American imperialism is on the defensive. . . .
>
> It would not be astonishing if the supporters of the "three worlds," with their "theoretical" acrobatics dictated by egoistic and related interests, turn one day toward the social-imperialists and flirt with them. . . .[9]

The dispute reached a strategic climax on July 13, 1978, when Peking announced the cessation of all Chinese military and economic aid to Albania because of Albania's "anti-Chinese course."

As for relations with neighboring socialist countries, in early May, on his first trip abroad, Premier Hua Kuo-feng visited North Korea. No joint communiqué was issued at the end of his six-day visit, this omission indicating only a qualified success. At a Pyongyang rally, President Kim Il-sung sweepingly proclaimed that North Korea "positively supports all the measures of the Chinese party." That this support did not constitute full endorsement of Peking's line on "Soviet social-imperialism" was implicit in the circumstance that, in a dinner toast, Kim did not denounce "the hegemonism of the superpowers," but only "imperialism and other dominationist forces" seeking to expand their influence in the third world.[10] North Korea finds it profitable to maintain an equidistant position between the U.S.S.R. and China.

China's chief trouble concerned Vietnam. When Vietnam's party chief, Le Duan, visited Peking in November, 1977, Premier Hua (in his speech at a banquet in Le's honor) once more denounced "social imperialism" as well as "imperialism" and expressed the conventional hope that there would be formed "the broadest united front against the hegemony of the superpowers." In his response, Le voiced "sincere

[6] "President Tito's Speech," *Peking Review,* September 2, 1977, pp. 10-13, esp. p. 13.

[7] *Le Monde,* September 6, 1977.

[8] "Three-World Thesis Provides a Correct Orientation for World Proletariat's Struggle," *Peking Review,* September 2, 1977, pp. 42-44.

[9] *Le Monde,* December 9, 1977. See *ibid.,* October 23-24, 1977, for an earlier comment by Vice Premier Teng Hsiao-p'ing on the Albanian position.

[10] Fox Butterfield, *The New York Times,* May 11, 1978.

and profound gratitude" for Chinese aid to his country; but he expanded upon the appreciation "to thank sincerely the Soviet Union and the other socialist countries" for the support they had extended to Vietnam.[11]

The clash of interest and policy between Peking and Hanoi soon became more pronounced, because of military harassments undertaken by China's client, Cambodia, against Vietnam in a disputed sector of the common frontier. Hanoi saw a connection, and on February 21, 1978, denounced "those who would utilize Cambodia to attack Vietnam," saying:

> World opinion knows perfectly that imperialists and international reactionaries have formed and equipped a dozen [Cambodian] divisions with long-range artillery and warplanes that the Cambodians did not possess before 1975. It is with those arms and with the support of the imperialists that the Cambodian authorities have transformed their friends into enemies and pointed their cannons at the brothers-in-arms who have helped them win their victory.[12]

Peking was brought more directly into the picture when, in late March, the Hanoi government abolished private enterprise in the southern part of Vietnam. Many of the entrepreneurs were ethnic Chinese, and when large numbers of them began to flee Vietnam, Peking voiced indignation, charging persecution.[13] Hanoi rejected the charge, and in late June Vietnam launched a heavy attack in what appeared to be a major effort to drive the Cambodian forces back from the border area and thus reduce her neighbor's capacity for further border harassment. After a week's heavy fighting, Hanoi radio claimed that the opposing Cambodian forces had been badly battered. On June 29, Vietnam was formally inducted into the Council for Mutual Economic Assistance (COMECON), the Soviet-led combine in which the only other non-European members are Cuba and the Mongolian People's Republic. On July 3, Peking announced the termination of economic aid to Vietnam. Tensions rose on the common frontier, where there are unresolved border disputes. And Hanoi warned Southeast Asian nations against "Chinese expansionism." Vietnam had moved appreciably closer to the Soviet Union.

As regards the third world generally, in Mao's declining years, China had discovered the hard way that the established governments of newly independent third world countries were more interested in political stability and economic progress than in Maoist theses on revolution and the inevitability of war. Thus, when he addressed the U.N. Special Session on Disarmament on May 29, 1978, Chinese Foreign Minister Huang Hua, while following the official Peking line with respect to the alleged hegemonistic aims of the two superpowers who "are bound to fight it out some day," asserted that "the Chinese people and the people of all other countries firmly demand peace." Further, "To put off a new world war is the common task of the people of all countries." China, he said, supported the Five Principles of Peaceful Coexistence. And he ended with the estimate that "While there is the danger of a new world war, the possibility does exist of putting off its outbreak." This was close to being a paraphrase of what Yugoslav President Tito had said in that regard the previous August.

In her third world diplomacy, in the past year China has paid special attention to neighboring Asian states. In early 1978, Vice Premier Teng Hsiao-p'ing visited Burma, where Communist rebels opposing the Ne Win regime have in the past received support from Peking, and Nepal—a sometime recipient of Chinese aid. Wang Ping-nan, head of the Chinese Association for Friendship with Foreign Countries, led a delegation to New Delhi in March for a discussion of issues outstanding between the PRC and India. There, he met with Indian Prime Minister Morarji Desai and called for a rapprochement between the two countries. Indian Foreign Minister Atal Bihari Vajpayee accepted in principle an invitation to visit China, but told the Indian Parliament that, "After what has happened in the past, there should be no euphoria in our relations with China." The April coup at Kabul that brought a Communist regime to power and threatened to increase political tensions between Afghanistan and Pakistan (aligned with China) automatically improved the Indian bargaining position vis-à-vis China.

THE ASEAN GROUPING

China has made special efforts to draw closer to the ASEAN grouping (the Philippines, Thailand, Indonesia, Malaysia and Singapore). Arrangements were made for Vice Premier Li Hsien-nien to visit Manila in mid-March, 1978. In early March, the Philippines occupied another islet of the Spratly Islands, sovereignty over which is claimed severally by the Philippines, Vietnam, Taiwan and China, to bring the total under its control to seven. The Foreign Ministry at Peking warned that this constituted an infringement of Chinese sovereignty, but Vice Premier Li visited Manila on schedule. On arrival he proclaimed that China gave her support to ASEAN as an instrument of struggle "against the interference of the two superpowers."[14] But there were no signs that President Ferdinand E. Marcos was prepared to bring the Philippines into Peking's projected "united front" against the superpowers. ASEAN has of late

[11] *Le Monde,* November 22, 1977.

[12] R. P. Paringaux, *Le Monde,* February 23, 1978.

[13] See, for the Chinese position, *Peking Review,* June 9, 1978, p. 16.

[14] *Le Monde,* March 16, 1978; see also Fox Butterfield, *The New York Times,* March 16, 1978, for background discussion. Re Manila and the Spratlys, for background see Philippe Pons, "Les Philippines renforce leur dispositif militaire dans l'archipel des Spratlys," *Le Monde,* May 12, 1978.

possessed growing economic as well as political significance; and ASEAN leaders, too, appreciate the value of holding "bargaining chips" in the power game.

It is clear that China has won few converts to her revolutionary united front in either the socialist bloc or the third world. However, the factors that will inexorably dominate Chinese policy formulation in the years ahead are not ideological, but economic. The Fifth National People's Congress confirmed the sense of various party and government conferences that had preceded it: China will strive to become a major economic power by the year 2000. She faces towering problems in this regard; and the third world can contribute little toward her economic progress and modernization. In existing circumstances, China's immediate future will thus be shaped in good measure by developments in her relations with the industrialized countries of the first and second worlds.

In the second world, Peking has regularly warned North Atlantic Treaty Organization (NATO) members of Soviet aggression, but NATO has not taken the Chinese warnings seriously because they have been all too patently self-serving. China established formal ties with the European Economic Community (EEC) to obtain political as well as economic benefits. But the Chinese trade relationship with the EEC is distinctly inferior to that of the Soviet Union.[15] Two new agreements in 1978 further "normalized" the China-EEC relationship. But the basic accord of February 3 contained a safeguard clause designed to protect the Community against undesired Chinese exports, and it remains to be seen how much in the way of acceptable exports China can provide to exchange for the goods and technology she desires.

RELATIONS WITH JAPAN

In circumstances in which the United States, the Soviet Union and China all woo Japan in their fashion, the Sino-Japanese relationship has a special importance. Japan has national aims that transcend the simple service of Chinese designs. Japan is oriented in a basically different direction. Prime Minister Takeo Fukuda sketched the fundamentals of his government's foreign policy in his address to the National Diet on January 31, 1977, promising, as a matter of urgent priority, to work for: 1) closer cooperation with the United States and West Europe, 2) a step-up of Japan's economic cooperation with the developing nations (Peking's third world), 3) maintenance of the Japanese-American security relationship, at the same time working to improve Japan's self-defense capacity, and 4) the strengthening of Japan's friendly exchanges with Southeast Asian nations.[16] All four of those policy aims compete with, instead of complementing, Peking's political and economic goals.

Sino-Japanese commerce has in recent years reached high levels, but there have been unexpected setbacks. On February 16, 1978, Japan and China signed an agreement for a two-way exchange of $20 billion in the next eight years, and this gave promise of a new stability in their relationship. But then a nearly inexplicable event occurred. On April 12, a large number of Chinese fishing vessels armed with machine-guns invaded the waters of the Senkaku Islands, claimed by Japan, Taiwan and China (but in the physical possession of Japan), and displayed placards asserting China's claim to sovereignty. On April 14, in Peking, the Japanese ambassador gave the Chinese Foreign Affairs Ministry a formal demand for the withdrawal of the invading flotilla. In Tokyo, that same day, a spokesman of the Chinese Embassy said that "The islands are part of the territory of the People's Republic of China as outlined in a Chinese Foreign Ministry statement of October 31, 1971. This is all we can say for the moment." Then, on April 15, Vice Premier Keng Piao suggested to a group of Japanese visitors that the Chinese vessels had probably been "chasing fish around the islands at that time," and observed that the incident obviously was "neither intentional nor deliberate."

The Chinese vessels departed, but their "accidental" intrusion into waters believed probably to be the site of offshore petroleum deposits was a clear portent for the future. Japan and South Korea had reached an agreement for the joint development of the continental shelf in what they regarded as their common waters. When this was submitted to the upper house of the Japanese Diet for consideration on May 10, China's Vice Minister for Foreign Affairs, Han Nien-lung, protested to Japanese Ambassador Shoji Sato

> against this deliberate, serious act of infringing upon China's sovereignty. The Japanese Government should cease forthwith its infringement on China's sovereignty, which is detrimental to Sino-Japanese relations. Otherwise, it must bear full responsibility for all the consequences arising therefrom.[17]

Commercial considerations, as well as territorial and other political issues, will influence the course of the negotiations for a Sino-Japanese peace treaty, in

(Continued on page 88)

[15] For specifics of China's trade, see the article by Chou in this issue, pp. 65ff.

[16] *The Japan Economic Review,* February 15, 1977.

[17] *Peking Review,* June 19, 1978, pp. 4-5.

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"Because of her inferior military capability and limited resources, China's options in both offensive and defensive strategies are restricted."

The Chinese People's Liberation Army

BY LEO Y. LIU
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THE essential role played by the military in China has long been emphasized by the Chinese Communist leaders.* Mao Tse-tung said, "the army is the chief component of state power; whoever wants to seize and retain state power must have a strong army." He further pointed out that, "every Communist must grasp the truth, 'political power grows out of the barrel of a gun.' "

Chinese Communist party Chairman and Premier Hua Kuo-feng, in his speech to the Fifth National People's Congress in February, 1978, proclaimed that the People's Liberation Army (PLA) was "the staunch pillar of the dictatorship of the proletariat." In fact, the power struggles among the Chinese leaders in the past could be described as a series of struggles for military power directed toward seizing leadership. The present leadership under Hua Kuo-feng is no exception.[1]

However, in spite of its important role in Chinese politics, the PLA, which has a total manpower of between 3.9 million and 4.2 million in the navy, air force, and ground force (army), has not yet developed into a powerful modern force. The army, with between 3.2 million and 3.5 million men, includes 121 infantry divisions, 40 artillery divisions, 12 armored divisions, and 150 independent regiments.[2] Its 8,000-10,000 tanks, including the Chinese-made Type-59's, are mostly outdated and ill equipped. The lack of sophisticated equipment like anti-aircraft and anti-tank weapons and the lack of proper air cover have significantly reduced the efficiency of the armored force. China now has plans to upgrade this force, phasing out approximately 8,000 outdated tanks.

The army's anti-tank weapons are limited to conventional equipment like the 100 mm ATG (anti-tank gun) and the RPG-7 rocket launcher. Innovative firing techniques including infrared and laser sights for anti-tank weapons are not now available to the army. There have been reports of the Chinese acquisition of a Soviet SAGGER wire-guided anti-tank missile from Egypt. This may serve as a model to be copied in a program to bolster China's anti-tank capability.

The army's artillery includes between 15,000 and 20,000 field guns and rocket launchers. Although they are self-propelled, their potential effectiveness is impaired because of their limited mobility and the lack of modern range-finding and sighting devices.

The transportation of soldiers and equipment remains a serious problem, although mobility has been increased in the past five years. The ratio of trucks to troops is very low. The railroad network, comprising about 50,000 miles of track, is too fragile for efficient troop transportation. The army has only about

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[1]In October, 1976, Hua Kuo-feng took over the Chinese leadership from the "Gang of Four" headed by Chiang Ching, Mao's widow, after he gained the support of the military and crushed the "gang." At present, the leadership in China is actually being shared by Hua, Teng Hsiao-p'ing and Marshal Yeh Chien-ying. Hua is now the party chairman and China's Premier. He is also the chairman of the party's powerful Military Commission. Teng is a party vice-chairman, a senior Deputy Premier, and the vice chairman of the party's Military Commission. Yeh was a Defense Minister and has been an aging but still influential figure in the military. He became head of the Standing Committee of the National People's Congress in February, 1978. He is in essence head of state, since the position of "president" has been abolished. For background of power struggles in China, see Leo Y. Liu, "The Army-Party Relationship in China and Its Effect on the Current Power Struggle for Leadership," *Asian Affairs (London)*, June, 1977, pp. 185-194. The "gang of four" are Chiang Ching, Chang Chun-chiao, Wang Hung-wen and Yao Wen-yuan. There are still many differences and potential conflicts between Hua and Teng. See "Hua Kuo-feng, Teng Hsiao-p'ing Disagreed on Science and Politics," *Studies on Chinese Communism Monthly (Taipei)*, April 15, 1976, pp. 7-16.

[2]Figures given in this article are from the following sources: *The Military Balance 1977-78* and *Strategic Survey 1977*

2,000-3,500 armored personnel carriers and fighting vehicles.

THE AIR FORCE

The Chinese air force is composed of 370,000-400,000 men, of which 120,000 are in the air defense command. Its 5,000-5,200 combat planes include 4,000 interceptors like MIG-15/17's, MIG-19's, and MIG-21's. China can produce MIG-21's (Shenyang F8's), MIG-19's (Shenyang F6's), Tu-16's, and Shenyang F-9's; however some technical difficulties have been encountered with the Shenyang F8's and F9's, which are badly underpowered and consequently lack sufficient thrust.

So far, China has not been able to design or produce original airframes and engines. Nor can China produce all the lightweight, heat-resistant metals required for modern jet engines. In late 1975, China purchased 50 Spey engines and the right to produce them in China from Rolls-Royce of Britain. Since the Spey engines could not be used in any of the planes China had produced, a new type of aircraft had to be built. China is believed to have developed either an all-weather delta-winged supersonic fighter or a supersonic fighter modeled on the Soviet MIG-23. A sample of the MIG-23 is believed to have been "lent" to China by Egypt.

China's small air transport fleet consists of 450 fixed-wing transport aircraft, including 35 British Tridents. It is supported by about 10 Boeing 707's which are equipped with militarily significant early warning and command/control systems. Its cargo and troop capacity is small, but the fleet can transport one or two divisions of troops within China.

China's air defense system and naval air force are closely integrated. The air defense system has under its command about 4,000 naval and air force interceptors and 120,000 men. The naval air force commands about 700 shore-based combat aircraft and 25,000-30,000 men. The defense system includes several types of land-based radars and an early warning missile system. Its SA-2 (CSA-1) SAM (surface-to-air) missiles, located at about 50 sites, are not regarded as sufficient to defend the country. A severe shortage of all-weather interceptors and an outmoded command system have further reduced China's defense capability. So far, the defense system is capable of providing limited defense to China's key industrial and military areas.

However, the improvement of the air force remains China's top priority. In February, 1977, four Conferences on Defense Modernization were held. Two of these were devoted to the air force and "an integrated air defense system."

THE NAVY

The Chinese navy has a manpower of 223,000-303,000. Its surface combat fleet includes 6-7 Luta-Class destroyers, 4 Anshan (ex-Soviet Gordy) Class destroyers, 12 destroyer escorts that include 4 Riga Class, and 35 submarine chasers. These destroyers are equipped with Styx SS-N-2 SSM (surface-to-surface missiles). There is no evidence of plans for an expansion of China's surface fleet in the near future.

China's 65-69 diesel attack submarine fleet includes 21 Whisky (W) Class, 36-42 Romeo (R) Class, 1 Golf (G) Class, 2 Ming Class and 1 Han Class submarines. China has been experimenting with submarine-launched ballistic missiles (SLBM) on its Golf Class submarines and on the Han Class nuclear submarine. The Golf Class submarine has three vertical tubes, but no missiles have been confirmed as yet. China's priority is her SLBM program.

China has a fleet of 141-160 fast patrol boats equipped with the Styx SS-N-2 guided missiles (FPBG). The fleet includes 70 Hoku (Komar) Class, 70-90 Hola (Osa) Class and one Hai Dau Class boats. China's FPBG fleet, equipped with a total of about 400 missiles, could constitute a formidable force for its adversaries. The main weakness of the Styx SSM is its unreliability in very rough sea and its vulnerability to electronic jamming, which could render the missiles inaccurate. The Hai Dau Class FPBG can perform better on very rough sea and can sail greater distances than other types of FPBG's. No significant improvements to China's FPBG's have been reported in recent years.

China's amphibious force remains weak. It was recently revealed that China has been secretly manufacturing a "Yu Lin" Class medium landing craft with the capability of transporting up to three companies of troops over great distances. China can produce four of this type of craft each year. The revelation of the "Yu Lin" has caused a great deal of concern in Taiwan.

One of the most serious weaknesses of the Chinese navy is its lack of an anti-submarine warfare (ASW) capability. China's ASW ships are not equipped with modern devices like homing torpedoes, computerized detect-and-destroy systems, infrared sensors and pas-

(London: The Institute for Strategic Studies, 1977, 1978); *Jane's Weapon Systems, 1978* (N.Y.: Franklin Watts, 1977); U.S. Joint Chief of Staff, *United States Military Power for FY* [Fiscal Year] *1979*, by George S. Brown, General and Chairman, January 20, 1978; U.S. Congress: Joint Economic Committee, *Allocation of Resources in the Soviet Union and China*, Part 1, summary of statements and excerpts from oral testimony of C.I.A. Director Admiral Stansfield Turner, June 23, 1977; Part 2, of Lieutenant General Samuel V. Wilson, U.S. Army, Director, Defense Intelligence Agency, June 30, 1977. Also recent issues of *Far Eastern Economic Review*, i.e., its October 7, 1977, issue; *Communist Chinese Affairs Weekly* (published by the Department of Communist Chinese Affairs, Bureau of Information, ROC, in Taiwan), *Ming Pao* (Hong Kong), and *The New York Times*.

sive listening devices. They still rely on conventional weapons like outdated sonar and depth charges, which are almost useless against nuclear submarines. Nor does China have specialized ASW long-range search aircraft with devices to spot nuclear submarines.

Other weaknesses of the Chinese navy include poor training in combined operations. Most combined operations training in recent years has been limited to the coastal areas and was defense oriented.

NUCLEAR WEAPONS AND SPACE TECHNOLOGY

While only limited progress has been made in conventional forces, China has achieved significant advances in her nuclear-satellite-missile programs. Since 1953, China has devoted her resources and technology to these programs. China conducted a total of 23 nuclear tests between October 16, 1974, and March 16, 1978. These tests covered a wide spectrum of blasts, from a nuclear warhead on a guided missile to a thermonuclear test producing a yield equivalent to 4 megatons of TNT. China is currently estimated to have several hundred fission and fusion weapons, and her stockpile is growing. She will continue to develop her nuclear weapons until a credible secondary, retaliatory nuclear force is built. For this reason, China has opposed a "complete test ban" and the Soviet-proposed "cessation of the production of all types of nuclear weapons."[3]

In her space-missile program, China will concentrate on highly technological areas, like advanced aerospace/aerodynamics and high performance, complex missiles. Between April 24, 1970, and December 7, 1976, China launched seven satellites with payloads impressively increasing. China's SSM and related programs further expanded in 1977.

China now has up to 100 CSS-1 medium-range ballistic missiles (MRBM's). These are single-stage liquid propellant, transportable missiles with an estimated range of about 600-700 miles. They are, however, inaccurate and cumbersome, with a slow reaction time. China has apparently decided to replace them with IRBM's and ICBM's. Her CSS-2 IRBM (intermediate-range ballistic missile) force is composed of 30-40 single-stage, liquid-propellant missiles, some of which are transportable. They have a range of about 1,500-1,750 miles and can reach targets in central and eastern Asia.

China presently has two ICBM programs: a CSS-3 Limited Range ICBM (intercontinental ballistic missile) and a CSS-X-4 Full Range ICBM. A LR ICBM has a limited range of 3,000-3,500 miles and can reach targets in parts of the European Soviet Union, the Marianas and Alaska, but not the United States. In 1976, China tested a LR ICBM but has no plan to deploy more than a limited number of these missiles.

A FR ICBM has a range of 8,000 miles. Although it was tested and used to launch satellites, China has not yet flight-tested any FR ICBM's surface-to-surface. It is estimated that China will have a small number of FR ICBM's deployed in silos by the early 1980's but they will not be operational at that time.

Some United States authorities believe that China already has a limited but credible capability for nuclear strikes by missiles around her periphery.[4]

MILITARY STRENGTH AND STRATEGIC CAPABILITIES

China's primary concern in recent years has been the Soviet threat from the north and northeast. Since 1959, the relationship between these two countries has continued to deteriorate; the demise of Chairman Mao Tse-tung has not led to any improvement. In 1977, during his visit to the Sino-Soviet border, Premier Hua Kuo-feng warned that "the location of the three northeastern provinces [of Heilungkiang, Kirin and Liaoning] is of great strategic importance. Soviet revisionism has not given up its wild ambition to subjugate us."[5]

Along the Sino-Soviet border, the Soviet Union has 43 divisions, approximately 43 percent of its force, compared to only 19 divisions in the early 1970's and 11 divisions in 1968. Although China claims that the Soviet Union has one million troops along the border, a more realistic figure would be around 500,000-800,000. The Soviet troops are equipped with tactical nuclear weapons like SS-12 missiles. The 1,200-1,400 Soviet aircraft along the border include the superior MIG-23 and MIG-25 jet fighters. Behind the frontier, the Soviet Union has deployed SS-4 IRBM's and SS-9 ICBM's in Siberia and Soviet Central Asia. In Mongolia, Soviet missiles can reach China's oil fields in Yumen and the heavy industrial plants and oil fields in Manchuria.

In the light of China's present military strength, however, her options in both defensive and offensive strategy vis-à-vis the Soviet Union are very limited. Except for its limited nuclear capability, the PLA remains an ill-equipped force. Its weaponry and equipment have been described as "obsolescent or obsolete." Some United States authorities believe that China is 15 or 20 years behind the Soviet Union in military technology; and the PLA is indeed "a very

[3] *Peking Review*, June 2, 1978, p. 9. For details on China's stand on disarmament and her nuclear development, see Leo Y. Liu, *China as a Nuclear Power in World Politics* (London: Macmillan, 1972), pp. 25ff.

[4] For General Brown's statement, see Brown, *op. cit.*, p. 41. For Admiral S. Turner's testimony, see Turner, *op. cit.*, p. 22. See also report in *The New York Times*, November 27, 1977, and *Jane's Weapon Systems, 1978*, pp. 4-5.

[5] *Peking Review*, May 13, 1977, p. 10. For the report and China's reaction to a recent border incident, see *Peking Review*, May 19, 1978, p. 3.

small military force, at least in terms of a modern strike force, as compared to the United States or the Soviet Union."[6]

In the north and northeast, China has deployed 14 of her 37 field armies, 6 of her 12 armored divisions, and 31 independent regiments. These account for about 40 percent of the entire Chinese force. However, compared to the Soviet force, China lacks strength. China does not have effective modern anti-tank and anti-aircraft weapons; nor does she have adequate mobility. In the air, Chinese jet fighters are no match for those of the Soviets. Her Tu-16's, although able to carry a 3 megaton nuclear bomb, would find it difficult to penetrate the Soviet three-tiered radar system. China's IRBM's with nuclear warheads have been deployed in Inner Mongolia, Manchuria and northeast China. They can reach about 50 major Siberian and Soviet Central Asian areas. However, because of their closeness to the borders, they are within reach of Soviet bombers and are vulnerable to superior Soviet missiles.

DEFENSIVE STRATEGY

Over the past years, Chinese leaders have prepared their people for a possible Soviet nuclear attack. The people have been asked to:

> heighten our vigilance, strengthen education for defense against nuclear attack, mobilize the masses to dig tunnels deep, store grain everywhere and make adequate preparation against such an attack.[7]

Extensive air raid shelters and tunnels have been built under the major cities of Peking, Dairen, Mukden and Huhehot, the capital of Inner Mongolia, all in north or northeast China. Smaller and more primitive shelters have been built under farm communities.

If the Soviet Union launches a conventional attack, China's traditional strategy would be to avoid a full-scale confrontation at the borders. Her regular forces would stay deep behind the borderline to defend her key centers. The Local Forces, which consist of the border defense unit and the internal defense unit, would defend the border areas, fight the enemy from behind, cut off enemy supply lines and attack them. These forces would be supported by the public security force and the militia, which would play an important role in the defense strategy. As Yeh Chien-ying pointed out, "it has been our practice to turn the entire nation into soldiers, use the system of combining field armies, regional troops and militia." Hua Kuo-feng also emphasizes the importance of the militia:

> We would continue to build up the militia organizationally, politically and militarily, and give full scope to its role in the defense of the motherland.[8]

In recent years, the usefulness of this strategy may have been questioned in China. Some critics have suggested "a new strategy that envisages confrontation at the border and a determined defense of the crucial Manchurian industrial base."[9] While there is no proof that such a strategy has been adopted, two recent developments may indicate China's search for a new defensive strategy. The first development is the improvement of "small unit tactics." China's armed forces have been reorganized into smaller, more flexible and mechanized units. These ground and air units are highly trained and well equipped, and are under a centralized command system. They are expected to carry the primary responsibility of national defense.[10] China's objective is obviously to turn the large, ill-equipped, and cumbersome army into an efficient, mobile and more powerful fighting force.

Another development reflects a possible change of strategy along the border provinces. Large-scale operations have been introduced and emphasized in China. As General George S. Brown, United States Chairman of the Joint Chiefs of Staff, observed in his *United States Military Posture for FY 1979:*

> Although heavy emphasis is still placed on small unit tactics, some division-level and higher training—including combined arms, regional, inter-regional and joint service exercises—has been noted.

The reassignment of Military Regions in Inner Mongolia in recent years seems to confirm General Brown's finding. China has now increased the defense force of Inner Mongolia[11] by assigning three Military Regions with a total of 11 field armies to the area: the

(Continued on page 85)

[6]For Admiral S. Turner's testimony, see Turner, *op. cit.*, pp. 22, 61. Both former United States Secretary of Defense James R. Schlesinger and American military commentator Drew Middleton agreed that China's armed forces are either obsolescent or obsolete. *The New York Times,* December 1, 2, 3, 5, 1976; *Christian Science Monitor,* September 30, 1976.

[7]*Peking Review,* July 22, 1977, p. 18.

[8]"Vice Chairman Yeh Chien-ying's speech at the Grand Rally Celebrating the 50th Anniversary of the Founding of the Chinese People's Liberation Army" *Peking Review,* August 5, 1977, p. 11. For Hua's quotation, see *Peking Review,* March 10, 1978, p. 32.

[9]For reports on the strategy, see *The Times (London),* September 6, 1977, *Globe and Mail,* November 9, 1974, and *Christian Science Monitor,* May 4, 1978.

[10]*The New York Times,* April 6, 1977; see also Fei Lung, "The Modernization of National Defense in Communist China," *Issues & Studies (Taipei),* August, 1977, p. 56.

[11]Ch'ih-ch'ing Ts'ao, "On the Approach and Orientation of Peiping's [Peking] Army Building and Its Strategy for National Defense," *Communist Chinese Affairs Monthly (Taipei),* May, 1977, p. 30. For General Brown's observation, see Brown, *op. cit.*, p. 113.

Leo Y. Liu's publications include *China as a Nuclear Power in World Politics* (London: Macmillan, 1972) and, as co-author, *The Wheat Board Advisory Committee Election: A Study in Participatory Democracy in Canada* (Ottawa: Government of Canada, 1975) and a number of articles in various academic journals.

"The changes brought about so far in the industrial economy of China . . . have been changes of degree rather than kind. . . . . However, the accumulation of marginal adjustments, provided it is allowed to go on long enough, can produce profound qualitative change in the Maoist system."

Chinese Industry Shaping Up

By Jan S. Prybyla
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On April 30, 1976, about four months before his death, Chairman Mao Tse-tung is said to have traced in his inimitable hand a message addressed to the incumbent Chairman Hua Kuo-feng: "With you in charge, I'm at ease." Irreverent spirits have since hypothesized that the inscription applied to the fact that Hua was in charge of the anti-Teng Hsiao-p'ing campaign, or to the fact that on April 30, 1976, Chairman Mao's senility was more advanced than had been thought. Indeed, despite stylistic proprieties that have been observed so far, the changes in Mao's intellectual legacy made by the new leaders—Teng included—appear to be far-reaching, and not in the sense commonly associated with the late Chairman's wishes. These changes are most pronounced in the realms of higher education and the economy. The revision is particularly sharp in industrial policy.

One must be circumspect about drawing conclusions at this stage. The factual evidence is shaded. In dialectical fashion, the late Chairman's industrial philosophy and the policies associated with it contained a contradiction that should not be overlooked. The normative direction of Mao's theses on industrial development was more nearly articulated by the leftist "Gang of Four." But the actual implementation of these theses was usually modulated by a pragmatic recognition of the objective and "superstructural" constraints imposed on the ideal by China's current stage of development, the present state of her "material productive forces" and the still modest level of "socialist consciousness." The combination of normative thrust and objective constraint manifested itself in a pendulum-like movement in which radical swings were subsequently corrected by more conservative policies of order, moderation and restraint.

If we accept the official typology, the "eleventh great line struggle" (the assault on the radicals) once again moved the economy—industry in particular—into the comparatively temperate zone, a neo-"Liuist" environment characterized by Leninist organization, hierarchies and formalized structures.[1] True, the situation is not like the situation of the early 1950's and 1960's, if only because Mao is gone and the economy is different. But beneath what are seen as important departures from Maoist economics, there is a sediment of continuity more significant than the spectaculars of the moment. On general historical principles and, even more, on the factual evidence provided by China's economic progress since 1949, one should be prepared to see changes taking place in the strategy and tactics of industrial development. These changes should be evaluated with as much detachment as the overheated anti-Gang rhetoric will allow.

POLITICS AND ECONOMICS

The first observable shift is one of emphasis, from what is broadly referred to as "politics"—the universe of ideology, culture, party line and Mao-lore—to economics. At the peak of radical influence, it was risky in China to talk too much about economic construction. Such talk could easily be interpreted as "revisionist fascination with the theory of material forces," a Liuist disability very bad for one's career.

Two qualifications should be made. First, the record shows that economic construction was not, in fact, neglected in the period 1965-1976, that is, when the radicals were much in evidence. Industrial output grew at an estimated average annual rate of 9 percent (10 percent, if 1976 is excluded). The index of machinery production (1957=100) had reached 257 in 1965. By 1975, it was 1,156. Second, after the fall of the radical leadership, politics was not demoted from its key position in China: "correct" politics (i.e., the compromise politics of the winning coalition) is more than ever in charge; because social disorder has been lessened, the line can now be laid down without much trouble. The difference is that the new politics is more economically oriented than the politics of the left

[1]The reference is to former Head of State Liu Shao-chi, who lost power during the Cultural Revolution of 1966-1970.

opposition. "As the 'Gang of Four' has now been overthrown, we can boldly talk about profits."[2]

A corollary to this creeping pragmatism has been a renewed attention to material incentives. Material incentives (wages and bonuses with which to buy consumer goods) are increasingly geared to individual competitive rather than group cooperative performance, a Stakhanovite trend. Group incentives are beginning to assume the well-tried Soviet form of highly organized interplant "socialist competitions" to fulfill and overfill various plan norms. Moral incentives, which in the old Cultural Revolution days usually meant greater worker involvement in factory affairs through loosely structured revolutionary committees, technical three-in-one combinations, big character poster writing and job actions, are being whipped into shape and put under the general care of public security bureaus. A concrete manifestation of the greater heed paid to material motivation today was the wage hike ordered on October 1, 1977, and the restoration of bonuses paid to individuals for above-norm work. The wage raise affected 60 percent of the industrial and administrative-technical labor force and was of the order of 10 percent. It was the first general wage increase since 1957.[3]

The new leadership has also committed itself to generating a greater flow of consumer goods. Without this flow, instead of acting as a spur to productive effort, increases in money wages fuel suppressed inflation, which, in turn, encourages "capitalist tendencies" like black markets and profiteering. Even before the wage raise, suppressed inflation (i.e., inflation that cannot express itself in a general price rise) was prevalent in China.

The renewed stress on economics also means giving more attention to economic calculation, to costs, prices, profits and profitability rates. Calculation was neglected under the influence of the Cultural Revolutionaries. Today, instances of large industrial undertakings operating at a financial loss are routinely cited by the press as "teachers by negative example." Because the profits of state industry are far and away the most important source of government revenues (something of the order of 90 percent) and because of the ambitious investment plans of the central authorities, the current concern with industrial profitability makes sense. According to official Chinese sources, the annual state revenue plans were not fulfilled in each of the three years 1974 through 1976. Since the fall of the Gang of Four, the trend has been toward stricter economic accountability (what the Russians call *khozraschet)* and one-man responsibility (i.e., a veering toward the "directorial principle"). Such a movement will prove to be sensible only if the currently distorted domestic price and cost structure is overhauled. The newly established Chinese Academy of the Social Sciences and the State Economic Commission will, no doubt, address themselves to this complex task and to the underlying questions of economic theory. Some leading economists (for example, Sun Yeh-fang), who in the 1950's insisted on the need for economic accounting based on the "law of value," and who fell afoul of the radicals, have been rehabilitated; and China's leading economic journal, *Ching-chi Yen-chiu* [Economic Research], is being revived after more than a decade in limbo.

EQUITY AND GROWTH

A second detectable shift is also one of emphasis: from preoccupation with the equity of income distribution—meaning the narrowing down of industrial wage spreads—toward the establishment of a structure of relative wages that would not hamper but would rather encourage the growth of industrial output and productivity. From 1965 until October, 1977, wage spreads in industry were contracted principally by two means. First, industrial workers and technical-administrative personnel classified in low job grades saw the contents of their pay packets improve a little because of increases in the wage rate applicable to those low grades and because of the occasional wholesale promotions of workers and employees from the lowest into higher grades. Second, the wage rates applicable to the highest job grades (e.g., very skilled craftsmen, top technical and administrative personnel) have been reduced on at least one occasion since 1965; alternatively, the highest wage brackets have been eliminated on the retirement of workers in those brackets. (Symbolically, the titles—foreman, director, and so on—attaching to the higher grades were also phased out.) The trend was unmistakably egalitarian.

The current leadership, however, believes that existing wage spreads are insufficient to secure high quality performance, especially from the more experienced workers. The restoration of bonuses is likely to benefit the better paid skilled workers most of all, thus widening total money wage differentials. Moreover, the wage hike of October 1, 1977, for the most part benefited workers in the higher job grades.[4] Here, too, the changes were of degree rather than kind. It is probably true that from the standpoint of the incentive function of wages the process of wage-spread contraction had gone too far. The radical

[2]Letter to the editor from the Research Fellows of the Institute of Economic Research under the Chinese Academy of Sciences, *Kuang-ming Daily* (Peking), December 26, 1977, p. 3. "First there is the struggle for production, and then there is class struggle." *Peking Review* (PR), February 10, 1978, p. 7.

[3]There were one or two selective wage adjustments during the period from January, 1965, to October 1, 1977.

[4]New China News Agency (NCNA) (Peking), January 1, 1978. Peking Radio Domestic Service, in *Foreign Broadcast Information Service (FBIS),* January 3, 1978, pp. E.16-E.17.

overcorrection is being corrected; that is all. "The socialist system," it is contended, "cannot wipe out all inequality overnight."[5]

Assuming a rising flow of consumer goods, accompanied by improved quality, the various wage adjustments may, indeed, produce the desired result over the longer run. However, there are two immediate problems which brook no delay. The first has to do with the demoralization of the industrial work force; the second with the demoralization of industrial managements. In 1974-1976, and since, workers in many factories worked at a gentle pace; absenteeism was high; maintenance of equipment was neglected; insubordination to managerial orders was much in evidence; pilfering of public property was widespread; and strikes were not uncommon. In a climate of factional feuding, with divided leaders interfering on the factory floor and turning the revolutionary (management) committees into political battlegrounds, managements dared not take resolute action lest they be accused of "fanaticism for value."

The passivity and prevarication of managerial and technical cadres are still problems.

> Some are of the "wind" faction to begin with, and will follow any wind that blows, to save their official positions. Now they want to wait and see for a while so that when a northwest wind blows some day, they can again claim to have been "correct all along." They figure that it's safe to practise formalism.[6]

Other "responsible persons" have been accused of "shouting empty slogans but doing nothing concrete," "sitting on the privy and producing nothing," "wearing a pair of new shoes but traveling along a beaten track," and "keeping two pens in two pockets." In some localities managerial cadres "remain at the talking stage . . . confined to meeting halls." They talk about emulating Tach'ing, but in fact "lower the standards for a Tach'ing-type enterprise."[7] The immediate problem of cadre nervousness and apprehension will not be solved by wage adjustments. Here, too, the public security bureaus with their armory of moral disincentives have been instrumental in bringing about what is referred to as "preliminary" order. After years in the wilderness, trade unions are being resuscitated to serve as "transmission belts" for the regime's instructions. There is to be no more running around forming factions, no more loafing in the name of revolution.[8]

WORKERS: YOUNG AND OLD

During the headier years of the Cultural Revolution and occasionally since then, the accent was on the raw industrial recruit, whose vocational (as distinct from political) skills were not much improved by the suspension of schooling in 1966-1968 and the watered-down education, if any, which he received thereafter. In many industrial centers, young workers (egged on by the radicals and by their own sense of frustration with wages, working conditions, sparse leisure time and dim career prospects) opposed veteran workers and nibbled away at seniority privileges. In the large Anshan Iron and Steel Works

> under [the Gang's] influence many young workers paid no attention to rules and regulations. They showed disrespect for veteran workers and neglected the study of technique.

In the heyday of the Gang, 90 percent of the veteran workers there were "dubbed 'conservative' or 'right deviationist' and subjected to criticism," a euphemism for the painful process of public humiliation.[9] Now, we are informed, what really counts is professional skill. Older workers have more skill than younger workers—especially the unlettered Cultural Revolutionaries. The bias has shifted discreetly in favor of age and professional expertise.

There is no doubt that after years of neglect—indeed, active disparagement—professionalism, ability, expertness, "book knowledge," and academic rigor are again receiving benevolent attention from the authorities. If it is to modernize at the pace predicted, the country needs many people trained in the latest industrial techniques, and it needs researchers who are allowed to work without always having to justify their progress in ideological terms and to apply their research at once. Immediately after the Fifth National People's Congress, on March 18, 1978, a mammoth national science conference was held in Peking and many new resolutions regarding science were adopted. While awaiting the formation of a new corps of proletarian scientists and technicians, the old united front tactics have been disinterred. Many old professors trained in the West and repeatedly battered by shifting political winds have been given a new lease on life, just like veteran workers in factories.

The Gang of Four advocated ignorance, opposed sci-

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[5] *PR,* February 17, 1978, p. 7.

[6] *Jen-min Jih-pao (JMJP)* [People's Daily] (Peking), article broadcast by Radio Peking Domestic Service, January 31, 1978, in *FBIS,* February 1, 1978, p. E.3.

[7] *JMJP,* December 23, 1977, in *FBIS,* January 5, 1978, p. E.27. The reference to the Tach'ing distortion is from Hua Kuo-feng's Report on the Work of the Government delivered at the 1st Session, Fifth National People's Congress on February 26, 1978, in *PR,* March 10, 1978, p. 20.

[8] The reactivation of the trade unions may also be related to the frequently voiced complaints by workers about working conditions in factories, inadequate dormitory accommodations, too few nurseries and day-care centers, and the few officially designated holidays. The trade unions can be used to channel such grievances and act as the state's agents in trying to offer solutions. An illuminating article on working conditions in Chinese factories is A. Kirkpatrick, "Working in -8°C to 40°C," *Far Eastern Economic Review* (Hong Kong), October 7, 1977, p. 78.

[9] Peking Radio, January 1, 1978, in *FBIS,* January 3, 1978, pp. L.1-L.2.

> ence, and rejected culture. Chang Ch'un-ch'iao said that he "would rather have laborers without culture than exploiters and spiritual aristocrats with culture." . . . The Gang of Four slandered all our specialists as reactionary. This is a kind of delirious gibberish not worth refuting . . . a new cock-and-bull story from the "Arabian Nights."[10]

From now on, special treatment is to be accorded to those exceptionally gifted, and the status of the expert, inside and outside the factory, is to be enhanced: ". . . to ask those who are engaged in atomic research to operate a boiler would be a waste of time."[11] More generally, "the emergence of aces . . . is a happy and good thing which should be welcomed."[12]

The shift from sharing everything at the lowest common intellectual denominator to the ace-first principle has implications for China's Maoist and left-sponsored egalitarian drift. Meritocracy in the professional meaning of the word, but always subject to the dominant political credo, has edged forward an inch or two since the fall of the radicals. Still, the inventive genius of the popular masses has not been conceptually jettisoned. "It is essential," said a Hainan Island radio broadcast on December 31, 1977, summing it all up, "to integrate the professional accumulation of fertilizers with the masses' shock accumulation of manure."

GROWTH: EXTENSIVE AND INTENSIVE

Between now and the end of the century "modernization" will be stressed, which means the application of ever more advanced technology to the economic process. Modernization implies a shift away from do-it-yourself, local, labor-intensive, low-skill industrialization, toward large, capital- and skill-intensive, technologically advanced complexes, especially in industries which can reap economies of scale. Thus, in the steel industry, "big enterprises are the backbone which should be given priority, while developing the medium and smaller ones."[13] Extensive growth, based on the simple addition of technologically unimproved production factors, is to give way to intensive growth, stemming from improved factor quality and productivity. Again, this is a question of emphasis, not a revolutionary departure from past practice.

More than a dozen of the world's largest and technically very sophisticated ammonia-urea complexes were bought abroad when the radicals—whose tastes ran toward local bootstraps-type industrialization—were around, and there are many other examples of large-scale capital projects initiated in the 1965-1976 period. In the matter of industrialization, as in other areas of economic construction, the basic rule has been balanced development, "walking on two legs," as the Chinese put it. Still, the left leg—the one supporting semitraditional technology and local effort—carried more weight.

Looked at from another angle, modernization means improving the performance of existing industries and creating new ones. The technical level of many of China's modern sector industries is well below the standards of industrialized countries, and the quality of some industrial products leaves room for improvement. Steel, coal, electric power generation, cement and the railroad network come readily to mind as examples of problem areas. Industries to be started or further developed in the next decade include high polymer synthesis, nuclear energy, semiconductors, laser, electronic computers, and various branches of astronautics.

Because one of the four modernizations is the modernization of China's armed forces and because the military lobby is very influential, one should expect particularly heavy stress on those branches of industry that cater to military demand. This by itself will tend to shift sectoral priorities. Industry as a whole, but heavy industry especially, will rise on the planners' scale of priorities. Looming ahead is fierce heavy industry competition for scarce resources. The two major contestants are the ministries and commissions concerned with weapons development and the ministry in charge of agricultural machinery building.[14]

By 1985, at least 85 percent of all major farm operations are to be mechanized, with the accent on high horsepower tractors to be assigned to huge state grain farms in the northeast and elsewhere. The semitraditional, labor-intensive, locally run and locally financed factories producing garden-type tractors and the simpler sort of farm implements are not to be neglected, but present rhetoric indicates that their

(Continued on page 79)

[10] *JMJP,* August 15, 1977, in *Survey of People's Republic of China Press (SPRCP),* No. 6430, September 26, 1977, pp. 11, 13.

[11] *JMJP,* January 2, 1978, p. 3, in *FBIS,* January 11, 1978, p. E.17.

[12] *JMJP,* August 11, 1977, in *SPRCP,* no. 6420, September 12, 1977, p. 13.

[13] *JMJP,* September 14, 1977, in *SPRCP,* no. 6430, September 23, 1977, p. 22. "We should take as our chief research subjects the key technical problems in building large hydroelectric power stations and thermal power stations at pit mouths, large power grids and super-high-voltage power transmission lines . . . huge dams and giant power-generating units. . . . We should . . . turn out giant computers." "Outline of National Plan for the Development of Science and Technology." Speech by Fang Yi, *PR,* April 7, 1978, p. 9.

[14] See M. E. Eiland, "Military Modernization and China's Economy," *Asian Survey,* December, 1977, pp. 1143-1157.

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". . . China is still reluctant to accept foreign assistance beyond limited technical assistance in plant construction and personnel training. While this reluctance reduces the risks of foreign domination of the Chinese economy, it tends to slow down China's economic development."

The Pattern of China's Trade

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SINCE 1950, the PRC's foreign trade policy has undergone three stages: the rapid expansion of the 1950's, the slowdown of the 1960's, and the era of resurgence of the 1970's.*

In the 1950's, China relied heavily on the Soviet Union for capital goods, petroleum and military matériel for her economic and military needs. Soviet-made machinery and complete plants played a crucial role in stabilizing the economy and developing industries on the Chinese mainland. In the early 1950's, the Soviet Union accounted for nearly 50 percent, and other Communist nations, 20 to 30 percent, of the foreign trade of the People's Republic (PRC). Because of Soviet aid (in the form of long-term credit) and because of China's need for foreign capital goods for her rapid industrialization, the volume of Chinese foreign trade registered an unusually high rate of growth. During 1952-1959, the imports grew 14 percent a year, and the exports, 11 percent.[1]

Caught in a vise between the withdrawal of Soviet aid and crop failures, the PRC was forced to adjust her economic policies in the 1960's. Disillusioned by the experience of leaning too much on trade with other Communist nations, Peking shifted in the early 1960's to a policy of "self-reliance." While this new policy was not to isolate the Chinese economy from the outside world completely, it did advocate a minimization of imports and consequently substantially slowed the growth of China's foreign trade in the 1960's. The peak level attained in 1959 was not regained by Chinese imports until 1970, and by exports until 1971.[2] There was a net loss, rather than growth, in the volume of Chinese trade in this decade. In this period, also, the PRC began to import grains along with, and sometimes at the expense of, capital goods. In the 1960's, the Soviet Union and East Europe no longer dominated Chinese trade, as they had in the 1950's. Since 1963, Western nations have accounted for the bulk of Chinese trade.

The third period began with the end of the Cultural Revolution and the resurgence of the "moderates," under the leadership of Premier Chou En-lai. Economic growth, which had been downgraded during the Cultural Revolution, was reemphasized. This period witnessed the PRC's admission to the United Nations, United States President Richard Nixon's visit to Peking, and rapid expansion of diplomatic and economic relations with the West. These developments, together with Peking's decision to accelerate China's economic growth, lead to the resurgence of China's foreign trade in the 1970's. The value of China's foreign trade grew more than 20 percent a year in terms of current prices, but only 11 to 14 percent a year in terms of constant prices.[3] The rates in constant prices are comparable to those of 1952-1959.

In this period, self-reliance continued to be the hallmark of China's foreign trade policy, but there was increasing flexibility for coping with a changing political and economic environment. While stressing mutual benefits and equality as the guidelines of China's foreign economic relations, Peking views international trade as an important vehicle for acquiring

*For a review of the directions of China's trade, see my article in *Current History*, September, 1976, pp. 68-72ff.

[1]Calculated from the data given in A. Eckstein, *China's Economic Revolution* (Cambridge, England: Cambridge University Press, 1977), p. 246. Since prices were stable during 1952-1959, the differences between the growth rates in current and those in constant prices for this period were small.

[2]*Ibid.*

[3]In current prices, the average growth rates for 1971-1976 were 25 percent per year for exports, 22 percent for imports, and 23 percent for total trade. These rates were calculated from the data given in United States Central Intelligence Agency, *People's Republic of China: International Trade Handbook* (Washington, D.C.: Government Printing Office, 1972), pp. 17-18; *idem, China: International Trade 1976-77* (Washington, D.C.: GPO, 1977), p. 10. For the period 1970-1974, the growth rates in constant dollar prices were 11 percent for exports, 14 percent for imports, and 13 percent for total trade. These rates were calculated from Eckstein's data (see his *op. cit.*, p. 246).

necessary technology from the West. Self-reliance, as is currently construed by the Chinese, means a preference for domestic products over imports. In the case of imports, the policy prefers cash over credit payments. Imports are to be confined to commodities essential to national security, to economic development or to the subsistence of the people; they do not include non-essential consumer goods. The primary objective of PRC exports is to finance necessary imports rather than to augment employment or the growth of the domestic economy.

Capital goods (particularly machinery, transportation equipment, complete plants and steel products) have been the leading imports in all three periods. Until the early 1970's, chemical fertilizers were also a priority import. With the completion of new fertilizer plants, China is expected to rely more on domestic supply than on imports for future needs. This has already been reflected by the decrease of fertilizer imports in recent years.

In the 1950's, China was invariably a net exporter of grain, principally rice. Since the early 1960's, China has been a major importer of wheat, while continuing to export rice and other foodstuffs. Besides capital goods and grains, China has also been a major importer of industrial raw materials, like cotton and natural rubber, which have been used for the manufacturing of exports and products for domestic consumption. During the last 25 years, foodstuffs (including rice, live hogs, meat, fish, vegetables and fruit) and textile products (including mainly cotton yarn, fabrics and clothing) have been China's leading exports.

Until 1965, China relied mainly upon imported oil (particularly from the Soviet Union) for her petroleum supplies. Since then, China has become self-sufficient in crude oil, and since 1974, she has been a net exporter of petroleum.

During 1966-1976, the share of manufactured imports rose steadily from about 45 percent of the total imports (in 1966) to about 65 percent (in 1976). The share of foodstuffs slipped from about 25 percent to less than 10 percent over the same period, while that of crude materials fluctuated only slightly between 15 and 20 percent. There is an obvious tendency for the shares of manufactured and food imports to move in opposite directions.

The shares of various commodity export groups in the PRC, on the other hand, remained fairly stable during 1966-1976. Manufactured products (mainly textile products) accounted for about 40 percent of the total Chinese export. Foodstuffs, with a share ranging from 20 to 30 percent, ranked next. Crude materials (including crude oil), amounting to around 20 percent of the total export, were a close third. This ranking held for the entire eleven-year period. It is expected that, by the mid-1980's, petroleum will replace foodstuffs and textile products as the leading export. If so, there should be a drastic change in the commodity composition of China's export trade.

In the 1960's, West Europe, and in the 1970's, West Europe and Japan, were the primary suppliers of China's capital-goods imports, as the Soviet Union had been in the 1950's. Since the 1960's, Canada and Australia have been the main suppliers of China's grain imports, although in some years the Chinese grain market was also shared by Argentina, France and the United States.

China's exports to West Europe, Australia and Canada have usually failed to match her imports from these countries. The deficits have been met by the trade surpluses accrued from China's trade with Hong Kong. Unlike the multilateral trade with other Western nations, trade between Japan and China has been conducted on a bilateral basis. Until the mid-1970's, Sino-Japanese trade was kept almost in balance. Since the mid-1970's, the balance of trade became unfavorable to China. It is not yet clear how these trade deficits were paid, and what their future trend will be. China's petroleum exports to Japan, if they expand as is expected, could undoubtedly help to alleviate this balance of payments problem.

MACHINERY IMPORTS

China's machinery imports (including machinery, equipment and complete plants) usually ebb and flow with the tempo of her economic growth. The volume of these imports grew sharply during the rapid industrialization in the 1950's, reached a peak of $933 million in 1959, and plummeted to a low of $100 million in 1963, after the disastrous Great Leap Forward. Volume rose again with the recovery of industrial production during 1964-1967, fell during 1967-1969 as a result of the Cultural Revolution, and resurged with the resumption of economic growth in the 1970's. In 1976, machinery imports amounted to about $1.8 billion, accounting for 31 percent of China's total imports for that year.[4] The close association between the volume of machinery imports and the tempo of China's economic growth reflects clearly the importance of these imports to the national economy.

China's machinery imports consist of three subgroups: non-electric machinery, transportation equipment and electric machinery, usually in that order of importance. More complete plants were imported in the 1950's than in the 1960's and the 1970's.

The Soviet Union was China's primary supplier of machinery and equipment in the 1950's. After the split with the Soviet Union in the early 1960's, China relied first on West Europe, and recently on both

[4]See Central Intelligence Agency, *China: International Trade 1976-1977,* pp. 3 and 12-13; *idem, People's Republic of China: International Trade Handbook,* pp. 5 and 13-15. Nai-ruenn Chen, "China's Foreign Trade, 1950-74," in U.S. Congress, Joint Economic Committee, *China: A Reassessment of the Economy* (Washington, D.C., 1975), pp. 646-47.

West Europe and Japan, as the main sources of her machinery imports. While West Europe as a whole is still exporting more machinery and equipment to China than Japan does, Japanese machinery export to China in the 1970's has exceeded that of any single nation in West Europe.

In addition to Japan and West Europe, China has been importing machinery and equipment from East European countries. These imports have increased substantially since the latter 1960's. A detailed examination of China's trade statistics on trade between China and East Europe reveals the following findings:

a) Machinery and equipment accounted for more than 50 percent of China's imports from Czechoslovakia, East Germany, Hungary and Poland.
b) As a whole, China's machinery imports from East Europe have been subject to less fluctuations (i.e., with a smaller cutback during downswing and a slower expansion in the course of upswing) than similar imports from West Europe and Japan.
c) China's trade with Romania, which had been negligibly small in the 1950's, has increased substantially since the mid-1960's. During 1970-1973, Romania was China's leading trade partner in East Europe, with machinery and equipment accounting for slightly more than one-half of her exports to the PRC. In each of those few years, Romania's share in the Chinese machinery market was almost comparable to that of East Germany or Czechoslovakia, which have been China's suppliers of high-technology products for many years.

The existence of bilateral arrangements could be a factor in the stability of the machinery trade between China and the East European countries. The greater flexibility of the East European countries in accepting industrial and other exports from China may also help explain the Chinese preference of imports from East Europe. Political considerations may also be a factor; this is particularly obvious in the case of the Chinese trade with Romania. Despite the recent expansion, East Europe is not likely to replace the West as China's prime supplier of sophisticated plants and equipment.

Expanding machinery imports to meet growing domestic needs will probably be the core of China's import policy for the foreseeable future, and Peking's ability to pay will probably be the only constraint to the continued expansion of this trade.

Like machinery and equipment, steel has been a priority import. In 1976, steel imports amounted to about $1.5 billion, and accounted for about 24 percent of China's total imports, ranking next to machinery.[5]

China produced about 25 million metric tons of steel in 1976, compared to about 13 million tons in 1965. This is equivalent to an annual growth rate of about 7 percent. The trauma of the Cultural Revolution and the shifting of economic priorities from industrial to agricultural development accounted for the slow growth of steel production. With domestic production falling far short of her demand for steel, China has relied increasingly on imported steel. By the mid-1970's, China was importing annually more than 3 million metric tons of steel (mostly finished steel), compared to total imports of only 800,000 tons in 1970 and 1.3 million tons in 1965.[6]

According to the recently announced economic plan for 1978-1985, China expects to raise crude steel production to 60 million tons by 1985 (from about 25 million tons in 1978). The planned expansion, equivalent to an annual growth rate of about 11 percent, would match China's industrial growth, which is expected to be about 10 percent a year.[7]

To balance the supply and demand for steel, China will have to be concerned not only with tonnage but also with the product mix of steel production. Even if the expected target of steel production were reached in 1985, there would still be no assurance that the domestic product would be of the proper mix to meet all the nation's needs. In all probability, China will continue to rely on imports for a number of steel products at a level comparable to the current imports. In the meantime, the importation of finished steel will undoubtedly continue, and possibly expand, until the completion of the new plants.

TRADE IN TEXTILE FIBERS AND PRODUCTS

Textile products (mainly cotton yarn, fabrics, and clothing) have been China's leading manufactured export. In 1976, textile products accounted for nearly one-fourth of China's total export, earning about $1.7 billion. Of this, three-fourths came from yarn and fabric exports, and one-fourth from clothing. About 34 percent of these textile exports went to developed nations, 25 percent to Hong Kong and Macao, 26 percent to less developed nations, and about 18 percent to Communist countries.[8]

A comparison of the 1976 statistics with those of 1966 and 1973 shows the following:

a. the total value of China's textile exports more than tripled during 1966-1976, but the percentage share of textile exports in China's total export changed only slightly (24 percent in 1976 versus 22 percent in 1966).
b. Yarn and fabrics dominated Chinese textile exports; the percentage share of clothing has been small in comparison with that of yarn and fabrics. In the case of Hong Kong and Macao, the ratio of yarn and fabric from the mainland to their clothing imports

[5] *China's International Trade, 1976-77,* p. 3.
[6] A. H. Usacks, Jr., and J. D. Egan, "China's Iron and Steel Industry," in *China: A Reassessment of the Economy,* pp. 275-276.
[7] The CIA, however, doubts that the planned target for steel production will be reached by 1985. See CIA, *Current Economic Problems and the Prospects for 1985* (Washington, D.C., 1978), particularly the section on "industrial targets."
[8] CIA, *China's International Trade,* 1976-77, pp. 12-13.

for the 1970's is even higher than the ratio of the 1960's.

c. During the 1960's, clothing, rather than yarn and fabrics, dominated China's textile exports to her Communist trading partners. Since 1970, however, yarn and fabrics have become their preferred textile inputs. In 1966, China exported $140 million in clothing and only $30 million in yarn and fabrics to the Communist nations. In 1976, these amounts were $225 million and $80 million, respectively.

d. While exporting textile products, China has been a net importer of raw cotton.[9] The imported cotton is usually of the long staple variety, which is an important ingredient for manufacturing quality fabrics. Since the cotton imports cost only a fraction of the foreign exchange earnings generated from the textile exports, they have not been a drain on China's account of international payments.

To facilitate her textile exports, China must curtail domestic consumption. Cotton fabrics have been rationed in China since the early 1950's. This curtailment, together with the intensive use of existing plants, permitted China to expand her textile export with a minimal new capital investment in textile industry.

In promoting her textile exports, China faced a number of problems that are yet to be resolved. One such problem is to find buyers who will not only accept Chinese textile exports but will also be able to pay for their purchases with hard currency, or who will supply capital goods or other products to meet China's needs. Markets of the developed Western nations, who are in a position to fulfill such trade and payment conditions, are not always open to the Chinese textile exports. Entry to these markets has often been restricted either by rising protectionism in importing countries, or because Chinese products have failed to meet buyers' expected standards. Communist and less developed countries have a need for Chinese textile products, but they are not always able to pay for their imports in hard currencies or goods to meet China's needs. Payment considerations may be a factor in the recent decline in the share of Chinese textiles exported to those countries, relative to the share exported to Hong Kong and the developed nations.

A second problem facing China's textile exports relates to their commodity composition. From Peking's viewpoint, clothing exports are preferable to yarn and fabrics. The former contain a higher labor component, in which China has a comparative advantage. Exporting clothing, however, often requires more fine tuning in marketing and styling than exporting yarn and fabrics, but neither has been the specialty of the mainland exporters. The volume of Chinese clothing exports remains small in comparison with China's yarn and fabric exports.

[9]See cotton import statistics given in *FAO Trade Yearbook* (Rome: Food and Agricultural Organization), 1967, 1970, and 1975.

A possible solution to this problem would be the development of a joint or cooperative program with Hong Kong mills, with a view to utilizing their facilities to manufacture clothing and their contacts abroad to market the finished textile products, while the mainland provides yarn and fabrics. This arrangement would permit the full utilization of China's low-cost labor and Hong Kong's expertise in Western marketing. Hong Kong is suggested as China's possible partner because of its proximity to the mainland and because of the special relations that some Hong Kong textile mills may already have established with their counterparts in China. Participation by Hong Kong firms in China's export promotion program may also be more compatible with China's policy of self-reliance than a joint program involving a firm of another nationality. The recent expansion of yarn and fabrics exports from the mainland to Hong Kong may be a part of such cooperative efforts, although this has never been officially confirmed.

The future of China's textile export trade probably depends more on marketing abroad than on domestic production or consumption. With an established know-how in the textile industry, a rationing system for controlling consumption, and the availability of imported cotton to meet raw material needs, China can expand her production capacity to augment textile exports, if market conditions are favorable. Expanding exports, however, may be more difficult than expanding production. A combination of China's ability to produce yarn and fabric at a low cost and Hong Kong's experience in Western markets may help to bolster China's textile exports, if such arrangements can be worked out.

TRADE IN FOODSTUFFS

Foodstuffs play an important role in China's import and export trade. In 1976, as a group foodstuffs accounted for about 20 percent of China's total export and 9 percent of her total import. Live animals, meat and marine products, grain (primarily rice), and fruit and vegetables account for the bulk of China's food export. Since the early 1960's, food grain (primarily wheat) has been her leading food import.

The volume of rice exports has increased substantially during the last two decades. During 1973-1975, China on average exported more than 3 million metric tons of rice annually, and earned therefrom about $900 million a year. This tonnage was more than twice as large as the peak export of the 1950's, or

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S. H. Chou is the author of *The Chinese Inflation, 1937-1949* (New York: Columbia University Press, 1963) and, with Janet Chapman, of the forthcoming book, *Economies of the Soviet Union and People's Republic of China: A Comparative View*.

"Although China is now in the midst of a massive effort to modernize her farm production, it will be long after the year 1980 (the original target date for 'basic farm mechanization') that sufficient quantities of water pumps, field machinery, fertilizers and pesticides will largely neutralize the impact of the country's frequent weather fluctuations and insure higher and stable harvests. . . . The record will have to improve; . . . . in spite of sharply increased wheat imports, the per capita availability of food staples has declined since 1974."

Food in China

By Vaclav Smil
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FOR foreign visitors, the country has the best Peking duck and repeated ten-course banquets with lean pork, poultry, seafood and *mao-t'ai*.[1] For Chiang Ch'ing, who so much despised "that unrepentant capitalist-roader" Teng Hsiao-p'ing, there were crabmeat dishes and different broths "with floating exotic seafood and fungi cut to resemble wilted flowers, rice congees sparkling with chopped shrimp and greens . . . and a sweetened puree of walnuts."[2] Comrade Chiang Ch'ing, if she is still alive, hardly enjoys such refined courses these days—but unsinkable Teng, again the Vice Premier of the country, has a cook to prepare his favorite Szechwanese meals, so different from the northern fare.

For the "revolutionary masses"—when things go well—there are ubiquitous ration tickets (tied, and tying their bearers, to the place of their permanent residence), fluctuating allocations of grain, standing on line—pots in hand—for bean curd when available (one egg per person per week, black market)—and an anticipation of the New Year's festival, with its special supply of glutinous rice, melon seeds, black mushrooms and red dates.

Rationing of all major foodstuffs has been in force since November, 1953. Tickets are issued for all staple grains, meat and sugar—and for vegetal oil, soybean sauce, bean curd (three kinds, fresh, spiced and dried), bean sprouts, mushrooms, water chestnuts, fish (fresh and salted), string beans, potatoes and liquor.[3] Ration tickets have thus become China's second currency, more important than money itself, and as such they are offered for good prices on the black market, traded in the streets, stolen and forged. Rules of the involved rationing system—quantities and restrictions of the purchase—change in response to local economic and political conditions and actual amounts of allotted food may be far below the standard levels.

Grain rationing is complex; the urban population is divided into nine categories (according to age and labor exertion) and receives four different certificates and two kinds of ration coupons. Rural rations are structured differently (there is so-called "basic grain" and additional "work point grain," purchasable with accumulated commune work points), and can be changed into urban rations only with a special permit that acts as a very efficient check on migration. It is also much more difficult to exchange rural rations for provincial or national grain ration coupons, which are necessary to buy meals in restaurants or any grain products while traveling. Even a city dweller usually needs a certificate from his neighborhood committee, police station or government office to be able to eat away from his permanent residence.

The standardized average monthly ration for the general public and children over ten years of age is 12.5 kilograms (kg) of rice in the south and 13.75 kg of grain products (mainly wheat flour) in the north; light laborers should receive 16-17.5 kg and hard laborers 20-22 kg of grain or grain products each month. Actual amounts authorized in many urban areas during the past two years have been 10-20 percent smaller, and some rural rations have fallen even lower. In the north, an increasing portion of this allotment has been in coarse grain rather than in preferred wheat flour; a recent report mentions that while the privileged Peking rations are composed of 50 percent

[1]And not a few visitors—on guided tours to selected showplaces—have reciprocated by describing China after their return as the country of abundant food, adequate nutrition, healthy people and prosperous farming.

[2]Roxane Witke, *Comrade Chiang Ch'ing* (Boston: Little, Brown and Company, 1977), p. 144.

[3]Rationing of foodstuffs, cotton, textile products and many daily necessities—ranging from coarse soap to thermos bottles—has been, strangely enough, a relatively neglected topic in modern China studies. For two good recent accounts see Ch'en Ting-chung, "Planned Marketing by the State: Economic Fetters in Mainland China," *Issues & Studies,* vol. 14, no. 1 (January, 1978), pp. 28-39 and R. H. Munro, "China: A Consumer's Puzzle," *Christian Science Monitor,* December 8, 1977, pp. 16-17.

wheat flour, 30 percent rice and 20 percent millet, kaoliang and corn, Shenyang residents receive the same cereals in far less palatable proportion of 20:10:70.[4] In the south, sweet potatoes fill a portion of rice ration in times of shortage.

Meat tickets and fish tickets are issued only for urban residents. Each month, Communist party cadres get 1.5 kg of pork, people in Peking, undoubtedly the best supplied city in China, may purchase as much as one kg, while the rations in remote provincial centers are only one-half or one-fourth of this amount. In many places, people eat meat only during the New Year and Ch'ing Ming festivals or at the time of family celebrations. Sugar rations fluctuate considerably with availability, up to no more than 0.5 kg per capita per month. Vegetable oil, so essential for deep-frying and stir-frying, is rationed in truly meager amounts: although the privileged cadres may get as much as one kg each month, the normal Peking rate is only one-half kg monthly; in most other cities, the ration is merely 100-200 grams and in rural areas, as little as 50 grams! Drastic oil shortages are also illustrated by the fact that oil tickets are issued for quantities as small as 10 and 25 grams.[5] In some cities there are even vegetable tickets.

Rations are loosened or (occasionally) temporarily removed only to stock up for festivals. For the 1977 New Year festival, Tientsin had 45 percent more liquor than in 1976 (normal festival rate: 150-400 grams per adult); there were more candies, cakes and fresh vegetables in Peking; and each Shanghai family could buy 10 preserved eggs, half a kilogram of salted jellyfish and shelled peanuts and unrestricted amounts of pork and frozen shrimp, whose export was temporarily diverted for home consumption.[6] After the festival, it was back to staples.

Rice is the most important food crop[7] not only in the warm south; new irrigation projects and early-ripening, cold-tolerant strains have pushed its cultivation well beyond traditional limits into northern and northeastern provinces. By 1976, the total area of China sown to rice reached 36 million hectares, an increase of 40 percent over the year 1949; in the same period, the rice area in the north doubled and cultivation was extended to all 29 provinces and regions, with the exception of high-lying cold Chinghai. More than 70 percent of the rice area in the south is now double-cropped (with wheat, barley or rapeseed in rotation) and Kwangtung, the southernmost province, is aiming (it would seem prematurely) at triple-cropping.

Four-fifths of the rice sown in 1977 consisted of Chinese-developed, relatively high-yielding, short-stalk varieties resistant against lodging. And the cultivation of a male sterile hybrid, which increases yields by 20-30 percent, was begun in 1977 on five percent of the total rice area. The average yield per hectare of sown area is now 3.5 tons, equal to the level reached by Taiwan and South Korea in the early 1960's and by Japan in the first three decades of this century, and nearly double the Indian level.[8] The total 1976 rice output reached 125 million tons, nearly one-half of China's grain production.[9]

Wheat, with 71 million tons harvested in 1976, is the distant second most important grain crop. Some four-fifths of the wheat area is sown in winter varieties, grown mostly in rotation with rice or cotton; spring varieties are predominantly confined to the northeast. Short-stature, early-maturing and disease-resistant types developed in China or imported from Mexico have received increasing attention. The average yield is only 1.4 tons per hectare, the same yield as in India.

Nearly 60 million hectares are now planted in other grains, predominantly in the north and in the northeast. Corn, still sown, cultivated and harvested mostly by hand, is the most important coarse grain, and it is gradually replacing sorghum in many areas; its annual output is just over 30 million tons and should rise even without expending the cultivated area when hybrid seeds are universally used. Beans, broad beans and peas are the most important legumes regularly included in the grain total,[10] and their annual production is around ten million tons.

Tubers are now counted as grain on a 5:1 basis. Sweet potatoes, widely planted throughout the south, occupy more than three times the area devoted to white potatoes, which have never been a popular food in China. In the recent past, the production of white potatoes has been gradually declining, not as a matter of choice but because of a serious degeneration of the main varieties, a trend which the Chinese are now attempting to reverse with the introduction of virus-free strains.[11]

Soybean cultivation has been considerably ex-

[4]C. and J. Broyelle, "Comment vivent ces Chinois," *L'Express,* no. 1385 (January 23-29, 1978), p. 67.

[5]Twenty-five grams are two scant tablespoons of oil; three tablespoons are needed just to stir-fry properly one dish of vegetables for a small family meal.

[6]New China News Agency (NCNA), Peking, dispatches of February 17, 1977, and *Ming Pao* (Hong Kong), February 20, 1977, p. 11.

[7]For the latest comprehensive reviews of China's crop production see H. J. Groen and J. A. Kilpatrick, "China's Agricultural Production" and T. B. Wiens, "The Evolution of Policy and Capabilities in Chinese Agricultural Technology," both in *Chinese Economy Post Mao* (Washington, D.C.: USGPO, 1978) and *People's Republic of China Agricultural Situation,* review and outlook prepared annually by Economic Research Service of the U.S. Department of Agriculture.

[8]NCNA in English, August 14, 1977.

[9]NCNA in English, September 29, 1977.

[10]According to the Chinese usage, "grain" includes all cereals as well as legumes, tubers and, sometimes, soybeans.

[11]Inner Mongolian regional broadcast, September 24, 1978.

panded in the recent past, after serious decline and stagnation in the 1960's. About ten million tons are now harvested annually, the same tonnage as two decades ago, as a major field crop in the northeast and from small plots (in gardens, on canal banks and roadsides) elsewhere. Peanuts, rapeseed and cottonseed are the three largest sources of vegetal oil, followed by sesame seed, sunflower seed and castor beans. Some two-thirds of the sugar crop is extracted from cane in the south.

Vegetables are, of course, a key ingredient in Chinese cooking. Most of the time vegetables are the only accompaniment (*ts'ai*) to the staple grain (*fan*); pictures of city markets piled high with a variety of greens are a favorite item in Chinese publications intended for Western reading, and visitors attest to the easy availability of many common vegetables—cabbages, radishes, cucumbers, tomatoes. Large Peking greengroceries, which sell regularly more than 40 different varieties in the summertime, may offer as many as 110 varieties of vegetables during holidays; the average daily vegetable sale in Peking was claimed to be over 0.5 kg per capita in July, 1977.[12]

But Peking averages are hardly representative of national consumption. Rural families get their greens from private plots, whose average size is some 300 square meters (m^2) and whose vegetable yield—after subtracting the area required to support two pigs and to grow other crops—is around 400 kilograms (kg) annually, or about 250 grams per head per day, half the Peking consumption. The best nationwide estimates indicate the average annual consumption between 60 and 75 kg; in energy terms this is no more than 40-50 kilogram calories per capita daily, because the most often eaten vegetables—Chinese cabbage, tomatoes, radishes, cabbage, turnips—have very low caloric values.[13] Consequently, their food energy contribution is minuscule and their nutritional value in typical meals is thus above all in vitamin and mineral content. Fruits and sugar (predominantly from cane) provide even less food energy than vegetables.

Pork is by far the most important animal food. Although China has more pigs than any other country—just over a quarter billion in 1977—a major campaign is currently under way to increase their numbers substantially by building modern mechanized pig farms near large cities; for example, seven new enterprises with an annual production capacity of 90,000 hogs will soon be in operation to serve the major industrial centers in the northeast.[14] Nevertheless, for a long time to come, most of the pigs will continue to be raised by commune families (the ultimate goal: one pig per family), feeding on crop residues, weeds and waterweeds and sold either to the state or in free rural markets. Poultry output is also being expanded by the introduction of large chicken farms near the cities and by modern breeding methods, but most of the birds today (the last reliable figures show a ratio of chickens: ducks: geese at about 100:24:4) are still very lightweight and their egg production is low.

Fish consumption has increased appreciably during the past decade; sea fishing, although still primitive in comparison with the Japanese effort, has been greatly expanded, with motorized junks and new motor boats, many of them equipped with shoal detectors, nylon fishing nets, radar and radio communications. Freshwater fishing in rural areas has benefited from the construction of tens of thousands of small reservoirs used for power generation and water control as well as for breeding various aquatic species. Near or even in the cities, numerous fish ponds have been dug; in Nanking and its vicinity one million people worked for several winters to build nearly 300 hectares of new ponds.[15] Many provincial broadcasts also mention the increasing cultivation of algae, kelp, seaweeds, abalone and oysters.

FOOD BALANCE

Although the quantitative information released by the Chinese on the production of main food crops, numbers of animals and poultry, and fish catches has been unsatisfactory for many years, it is possible to construct a food balance sheet for China revealing the total supply and the relative contributions of essential food groups. Preparation of such a sheet starts with the production figures for all important food crops and with total counts of domestic animals and fish catches. After correcting these numbers for international trade, non-food uses (seed, feed, industrial manufacture) and quantities wasted in storage and transportation are subtracted; thereafter appropriate extraction shares in grain milling, oil pressing and sugar making and output rates (carcass weights, production rates for milk and eggs) are applied to calculate gross food availability.[16]

Table 1, outlining the food balance for China in the year 1976, contains entries of uneven reliability. Production totals for major grains, potatoes, soybeans and sugar are either available from the Chinese sources or can be well estimated; on the other hand, figures for vegetables, fruit and animal products must be derived from fragmentary information. International trade statistics are reliable and utilization for seed can be easily calculated. However, there is considerable uncertainty about the amounts of grain fed to domestic animals, and estimates of crop wastage after harvest-

[12]NCNA in English, June 30, 1977.

[13]Cabbages have no more than 140 kcal/kg, radishes about 190, tomatoes 200 and turnips 300 kcalg.

[14]Liaoning provincial broadcast, August 19, 1977.

[15]NCNA in Chinese, December 8, 1974.

[16]For a detailed derivation of food balance for China see V. Smil, "Food Availability in Communist China: 1957 and 1974," *Issues & Studies,* vol. 13, no. 5 (May, 1977), pp. 39-57.

TABLE 1: Food Balance for China in 1976
(all figures are in million metric tons)

Commodities	Supply			Utilization*				
	Domestic Production	Net Trade	Total Availability	Waste	Seed	Feed	Industrial Use	Human Consumption
Rice	125.0	—1.0	124.0	4.9	2.8	1.2	1.2	76.3
Wheat	41.0	2.0	46.0	1.4	3.0	1.4	0.5	31.7
Other grains	70.0	0.0	70.0	2.8	3.5	21.0	1.0	33.4
Pulses	10.0	0.0	10.0	0.4	1.0	2.5	0.0	6.1
Potatoes	145.0	0.0	145.0	14.5	5.1	21.8	7.3	96.3
Soybeans	10.0	—0.2	9.8	0.4	1.1	1.0	0.1	7.2
Sugar	3.5	0.5	4.0	0.0	0.0	0.0	0.4	3.6
Vegetables	80.0	—0.5	79.5	8.0	0.0	0.0	0.0	71.5
Fruit	6.5	—0.1	6.4	0.6	0.0	0.0	0.0	5.8
Meat	12.0	—0.5	11.5	1.1	0.0	0.0	0.0	10.4
Poultry	3.5	—0.1	3.4	0.3	0.0	0.0	0.0	3.1
Fish	10.0	—0.5	9.5	1.9	0.0	0.0	0.0	7.6
Eggs	3.6	—0.1	3.5	0.3	0.1	0.0	0.0	3.1
Milk	5.5	0.0	5.5	0.6	0.0	0.0	2.0	2.9
Vegetal oils	3.6	—0.1	3.5	0.3	0.0	0.0	0.4	2.8
Animal fats	1.5	—0.1	1.4	0.1	0.0	0.0	0.3	1.0

*Milling rates applied to cereals are 67 percent for rice and 80 percent for wheat and other grains.

For comparison a very similar food balance (projection for 1977/1978) could be seen in W. Klatt, "Statistical Survey of the People's Republic of China," in *The Far East and Australasia 1977-78* (London: Europa Publications, 1977), p. 324.

ing are only the best approximations. Although the Chinese have stated that the grain spoilage in most storages throughout the country is below 0.2 percent,[17] claims of such a low rate are untenable in comparsion with typical losses in other developing nations and provide an example of highly exaggerated and easily dismissed propaganda.[18] Another difficulty is an almost total lack of quantitative information about the magnitude of grain stocks. "Store grain everywhere" has been the long-standing Chinese policy, and various outside estimates put the current nationwide total at anywhere between 14 million and 40 million tons. In view of the uncertainty about annual additions to and withdrawals from storage, no attempt has been made to incorporate stock changes in the food balance; the net effect of this omission might be a slight overestimate of the grain total available for human consumption.

Food consumption totals from the national balance sheet are translated into average per capita values in Table 2.* The predominance of vegetal foods in Chinese diets is obvious: mean annual per capita consumption is composed of some 350 kg of plant tissues (or their derivates) and of less than 30 kg of animal foods. In terms of energy, plants provide about nine-tenths of the total supply, and they cover about four-fifths of protein intake and just over one-half of fat consumption.

Such plain food consumption does not come cheap. W. Klatt has calculated that a typical urban working class family of five, with two earners bringing about 1.7 times the average wage, must spend almost exactly 60 percent of its income on a food basket that is virtually identical (except that it also includes tea) with the average supply shown in Table 2.[19]

A comparison of the mean calorie intake with past averages shows that per capita consumption of 2,200 kcal in 1976 was almost the same as the level reached two decades ago, in 1956-1958, and was only marginally better than per capita consumption in the best years preceding the Sino-Japanese war of the 1930's. This means, of course, that even in good weather years China's food production has just kept even with population growth, a fact illustrating the

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*See page 82.

[17]NCNA in English, November 11, 1977.

[18]Typical food grain storage losses are at least an order of magnitude higher, and in many developing coutries they are well in excess of five percent. Moreover, detection of the claimed minute losses is undoubtedly beyond the monitoring capability available in China's communes (personal communication by Dr. R. N. Sinha, Canada Agriculture).

[19]W. Klatt, "Cost of Food Basket in Urban Areas of the People's Republic of China," *The China Quarterly*, no. 70 (June, 1977), p. 408.

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"As we look at Chinese education today, we see some changes that repudiate the program of the past decade, other developments that are a modification of past practice, and some indications that basic principles remain the same. . . . It is possible that a better system of education may rise from a broadened program of academic learning enriched by some commendable innovations of revolutionary education."

Changes in Chinese Education

BY THEODORE H. E. CHEN

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CHANGES in Chinese education following the purge of the "Gang of Four" have been described as "sweeping" by some observers. Others see the changes as a reflection of a general trend toward "demaoization." In any event, significant changes have occurred. Whether and to what extent they constitute a repudiation of the Maoist program of revolutionary education bears close examination.

Maoist revolutionary education assumed definite form during and after the Great Proletarian Cultural Revolution. Although the regime established in 1949 lost no time in revamping Chinese education for the purpose of making "new men" for the new social order, the ideologues and radicals in the Chinese Communist party were not satisfied with the system that was in vogue in the first decade of the regime. They condemned it as "revisionist," not only because its development was guided by Soviet advisers, but also because it was in essence the conventional Western system. Proclaiming themselves the followers of Mao Tse-tung, the radicals set out to establish an educational system based on the literal application of Mao's pronouncements on education. The result was a radically revolutionary program.

REVOLUTIONARY EDUCATION

A conventional system of education distinguishes between formal and informal education, between the school curriculum and extracurricular activities, between classroom study and out-of-school experience. Maoist revolutionary education merges formal and informal education into a planned program with a common goal. The school is one of many educational agencies and not necessarily the most important one. "The whole society educates." Production and political campaigns may supersede school learning, and it is often expedient to suspend classroom study for days and weeks to enable students and teachers to take part in various "mass campaigns." The educative process, it is claimed, is not interrupted by such shifts.

Lines of demarcation between levels of education are blurred. Without a definitely prescribed length of schooling, it is difficult to tell when primary or secondary education begins or ends, or where secondary education becomes higher education. In actuality, "secondary" and "higher" become relative terms without clearly understood criteria of content or level of learning. Many a Chinese student has entered a college or university without secondary education or has attended a secondary school without formal primary education.

Conventional education values the acquisition of knowledge; revolutionary education puts a premium on action. Conventional education defines in academic terms learning; revolutionary education is essentially non-academic and sees learning opportunities on the farm, in the factory and in the streets. Conventional education acts on the premise that knowledge can best be learned by systematically mastering graded levels of subject matter. Revolutionary education scorns prerequisites and rigid requirements; in the name of "practice," it favors ad hoc learning to help solve the immediate problems of production and political struggle as soon as possible. In conventional education, study and books are practically synonymous; but in revolutionary education actual experience in production and political struggle is deemed more valuable than book study. Book knowledge is decried. Theory unrelated to practice is discredited. Opposed to intellectual elitism, revolutionary education rejects selectivity on the basis of academic standards. Non-academic activities dominate; non-academic qualifications like production records and ideological-political acceptability carry more weight in the evaluation of achievement.

Many special institutions like the "May 7" schools and colleges and the "July 21" colleges and universities implemented Mao Tse-tung's ideas. Both types were established hastily in response to Mao's directives. In the May 7, 1966, directive, Mao said that education in the army, the factory and the commune as well as in the schools should be guided by the principle of learning politics, industrial work, agricul-

ture and military affairs simultaneously. Soldiers should learn politics and engage in agriculture and industrial production. In the same spirit, students

> should, in addition to their studies, learn other things, that is, industrial work, farming and military affairs. They should also criticize the bourgeoisie. The school term should be shortened; education should be revolutionized; and domination of our schools by bourgeois intellectuals should not be allowed to continue.

In effect, academic studies took the back seat.

The "July 21" directive (1968) dealt specifically with higher education, but stressed the ideas of the "May 7" directive. Mao said:

> It is still necessary to have universities; here I refer mainly to colleges of science and engineering. However, it is essential to shorten the length of schooling, revolutionize education, put proletarian politics in command. . . . Students should be selected from among workers and peasants with practical experience, and they should return to production after a few years study.[1]

This meant that academic entrance examinations were to be waived for those with good production or political records.

SALIENT FEATURES

The new schools and colleges that appeared in response to Mao's directives were hailed as the embodiment of the principles and policies of Maoist revolutionary education. Although they were known by a variety of names (like "May 7 cadre schools" and "July 21 workers' colleges") and varied in organization and source of support, these educational institutions had common features that became the hallmark of revolutionary education. They were "part-study, part-work" schools with large blocks of time assigned to ideological remolding, to manual labor and to political activities. Politics dominated the school program; education, it was said, must serve proletarian politics.

Mao Tse-tung once said that the aim of education was to enable everyone "to develop morally, intellectually, and physically." Mao's followers claimed that his advocacy of the simultaneous learning of politics, military affairs, agriculture and industrial work was Mao's translation of this aim into curriculum content. While Mao's statement seems to suggest a broad curriculum, the schools that sprang up during the Cultural Revolution interpreted it narrowly, with little attention to any study not directly related to designated areas of interest. There was no room for studies like music or literature or philosophy except in relation to politics and production. In obedience to Mao's instruction, courses of study were abbreviated, and the period of schooling was shortened. It was possible to establish new schools with minimum expense; the need for equipment, library, and other facilities was limited. Classrooms and dormitories were in most cases built by students and teachers making use of locally available materials. Simplicity and plain living amidst harsh conditions were considered a good way to build strong character.

People who are dissatisfied with the rigidity of conventional education have been favorably impressed with the flexibility of Maoist revolutionary education. Flexibility resulted from the absence of fixed standards of curriculum content or promotion and advancement. Grades and examinations were rejected as artificial means used by bourgeois or revisionist scholars to deny educational opportunities to the masses. The shortening of the school period left the door open to a reduction of its length to one or two years or only a few months. There was room for experimentation and adaptation to local conditions. At the same time, local responsibility for support of the schools relieved the state of financial burdens, while control through the local branches of the Communist party made sure that the guidelines set by the central authorities would be faithfully observed. Apparent decentralization in the local establishment and management of schools did not deviate from the principle that education in the entire country must be under the firm control of the Communist party.

Critics of conventional education were also pleased with the variety of informal non-school agencies playing an important role in revolutionary education. The museum, the theater, the cinema, the neighborhood reading room, the "children's palace" providing guided recreational and learning activities, carried out a significant program of education extending far beyond the schoolroom (under the direction of the same people who supervised the schools). Propaganda agencies joined forces with educational agencies to maximize the impact on the population. There was no gap between the schools and the non-school agencies of education.

After the Sino-Soviet rift, the reaction against Sovietized revisionist education merged with the criticism of Westernized bourgeois education. Both were viewed as aspects of the same system of classroom-centered, knowledge-oriented conventional education. To clear the way for a fresh start in an entirely different direction, schools and universities were closed in 1966. Lower schools were gradually reopened after a year or two, but colleges and universities enrolled no students for four years. The subsequently reopened schools and colleges followed hastily drawn guidelines of revolutionary education, and by about 1970, a system of revolutionary education had emerged to replace the conventional academic schools. By 1975, however, grumblings against the revolutionary system became increasingly audible;

[1]The full texts of the directives appear in Theodore H. E. Chen, *The Maoist Education Revolution* (New York: Praeger, 1974), pp. 232-33, 283-84; also pp. 219, 260, 273, 278.

but they were dismissed as the rantings of revisionist and bourgeois scholars trying to stage a comeback. The ideologues and radicals, acting in the name of Mao Tse-tung, were in power and in full control of education. In the main, the revolutionary system, identified with the teachings of Mao, remained in force until Mao's death.

EDUCATION FOR DEVELOPMENT

The attack against the ideologues and radicals was launched with fury within a few weeks of Mao's death, and education was a major battleground for the struggle for leadership. The Gang of Four, i.e., Mao's widow and three of her associates who headed the radical wing of the Communist party, was held responsible for a decade of educational deterioration and chaos.

The ideology of the Chinese Communists projects twin goals of communism-revolution and development-modernization. Through the years Mao had laid stress sometimes on one, sometimes on the other. In later life, Mao's ideological discourses gave prominence to his concept of "continued revolution" and, consciously or unconsciously, he gave support to his wife's radical followers and sustained them in their accession to power. His emphasis was on revolution; thus the educational program, rich as it was in revolutionary ideas and educational concepts, sadly neglected the preparation of men and women for the work of nation-building and modernization.

As soon as Hua Kuo-feng, the Chairman of the Chinese Communist party and the Premier of the State Council, came to power, he underlined development as the central goal of the national endeavor. An all-out effort was made to step up production. "Revolution" said Hua, "means liberating the production forces." Education must serve the needs of the "four modernizations."[2] Ideology is de-emphasized.

PURGING THE RADICALS

A change of educational direction was also stimulated by the continued struggle against the Gang of Four who had aspired to the top leadership as direct successors to Mao. Since the radicals were most active in the area of education and culture, they are now blamed for all the educational failings of the past decade. It is charged that under their vicious manipulation and control, education was adulterated and turned into an effeminate political tool. Their failure to produce educated men and women deprived the nation of a generation of progress.

The radicals are accused of a host of "educational crimes," including the facts that:

> They distorted Chairman Mao's statements and took words out of context to support their outlandish views. For example, they repeated such quotations as "study is of no use," "theories are worthless," "politics must always be in command."
>
> They belittled the development of the intellect on the ground that it is a mark of bourgeois education. Opposing any form of elitism, they refused to recognize the talents of gifted students.
>
> They harassed and persecuted the intellectuals until they were cowed and afraid to speak or make contributions. The radicals based their action on a statement made by Chairman Mao in 1957 that most intellectuals had received bourgeois education and "their outlook is fundamentally bourgeois." They viciously applied the statement to all intellectuals today.
>
> They heaped scorn and insults on teachers and brought about the undermining of authority and breakdown of school discipline.

Current educational literature devotes much time and effort to denouncing the views and actions of the radicals. New charges are being added to the long list of "educational crimes" perpetuated by the Gang of Four. This has proved to be a good way to make a new start in education, not only because it is clever politics to make educational reform a part of the power struggle but also because of the urgent need to launch an educational program to stress development and modernization instead of the radicals' focus on revolution and political indoctrination. Revolution and politics have not been eliminated, but they no longer occupy a dominant position in the curriculum. The need for development and modernization has been pushed to the forefront of the educational program.

REINSTATING ACADEMIC STUDY

In general, one may summarize current reforms under three major categories: regularizing the school system, emphasizing academic study, and accelerating a program for the teaching of science and technology (including research).

A school system is taking shape, with clearly articulated levels of elementary, secondary, and higher education similar to the system of the days prior to the Maoist educational revolution. The school is accorded a more important position in the educational program. One reads about the effort to establish a ten-year sequence of elementary (five years) and secondary (three and two years) education in the big cities and a nine-year sequence in rural areas. This goal cannot be quickly attained, but it indicates a policy of regularizing the school system so badly shattered during the rule of the radicals. The ten-year school system, although it has not yet been realized, would be a reversal of the trend (directed by Mao) to "shorten the period of schooling."

The study of books and the acquisition of knowledge have regained respect. While special schools like the May 7 and July 21 schools and spare-time schools continue their work-study programs, full-time schools

[2]Modernization of agriculture, industry, national defense, and science and technology.

enrolling students who devote themselves to academic study are reappearing and will grow in importance if the present policy continues. The relative importance of political indoctrination and the academic curriculum is being reversed. The educational value of manual labor and production experience is still recognized but these experiences are not required of everyone, nor are they prerequisites for advanced study. New regulations prohibit the suspension of classes except by the special permission of the authorities.

The return to academic learning brings back the conventional system of graded courses of study, systematic mastery of basic subject matter, grades and examinations, standards of achievement, and definite criteria for promotion. Classrooms, libraries and laboratories become the center of school life. Students will be selected on the basis of academic achievement rather than on their record of production and political activities. Defying ideological opposition to elitism, high-grade primary and secondary schools as well as colleges and universities have been designated as "key schools," with experienced teachers and gifted students maintaining high standards of scholarship to be emulated by other institutions. So far, 20 lower schools and 88 colleges and universities have been selected as key schools. As other schools come up to the standards of the key schools, their names will be added to the list. Improvement of educational quality, which was anathema to the protagonists of revolutionary education, has been announced as a major objective of the current education reform.

School discipline replaces laxity; the era of the Red Guards and domineering students is past history. Respect for teachers and authority is expected of students. Teachers who left teaching for other fields of work are asked to return to their posts and work on standardized teaching materials under the guidance of the central Ministry of Education, with the expectation that a more standardized curriculum will in time prevail. It is obvious that such reforms cannot take effect immediately or soon; to establish order and system out of the chaos and iconoclasm of revolutionary education will require long and sustained effort.

HIGHER EDUCATION

The emphasis on academic learning and educational standards is especially evident in higher education and in the teaching of science and technology. Higher education, which often ran parallel to secondary schools or lower schools, has recovered its top position on the educational ladder. It presupposes a certain degree of academic preparation in the mastery of basic skills and subject matter. Although entrance requirements cannot be too rigidly prescribed at this early date, there is no doubt that academic achievement will count more than non-academic qualifications, like production records, political fervor or class origin.

In view of the educational breakdown of the past decade, it is not practical to prescribe the completion of secondary education as a prelude to higher education. There are few young people in recent years who can qualify as graduates of a secondary school and still fewer who are ready to apply for admission to a college or university. But it is hoped that as the new school system becomes better established, an increasing number of applicants to colleges and universities will be graduates of secondary schools. In the meantime, exceptions must be made. Normally, the maximum age limit for admission is 25, but some candidates in their late thirties may be accepted if their study was interrupted by the Cultural Revolution and the restrictions of revolutionary education. The secondary education they received before the Cultural Revolution may be better than the secondary education of today, and they may be better qualified than younger applicants.

New regulations for college enrollment were announced in November, 1977. Applicants must meet three requirements: political acceptability, completion of senior middle school or the equivalent schooling and physical fitness. "Entrance examinations will be restored and admittance based on their results." The examinations are administered by the central government. The radicals had been guided by the July 21 directive in which Mao said that students for higher education "should be selected from among workers and peasants with practical experience." Since few workers and peasants had much schooling, it had been necessary to waive or minimize academic requirements. Instead of entrance examinations, there were non-academic requirements, including "class origin." To underline the favorable treatment given to children of workers, peasants, and soldiers, the radicals excluded those of "bourgeois" or "feudal" class origin from higher education. Such discriminatory measures have been liberalized, but the children of workers, peasants, soldiers, cadres, and Communist party members are still accorded priority in one way or another.

Another non-academic requirement of revolutionary education was the completion of two or more years of physical labor in rural areas, after which the local supervisors of the rustification program would have a voice in selecting and recommending those

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Theodore H. E. Chen, chairman of the Department of Asian Studies at the University of Southern California for 25 years, was also director of the East Asian Studies Center, USC, from 1960 to 1972. He is the author of 8 books and more than 100 articles, some of which have appeared in *Current History*.

BOOK REVIEWS

ON CHINA

THE CHINESE ECONOMY. *By Jan S. Prybyla.* (Columbia, South Carolina: University of South Carolina Press, 1978. 260 pages and index, $14.95 cloth, $5.95 paper.)

With almost one-fourth of the world's population, "China is a land which cannot be ignored," although ". . . for some centuries China has been less than a giant" in the field of economics. Jan Prybyla believes that under communism there has been a remarkable growth in the Chinese economy, with the aim of making China a modern "industrial power by the year 2000." Prybyla examines the problems and the policies connected with this goal, drawing on the latest information and statistics and observations from his 1974 visit to the People's Republic. The summary in the concluding chapter concisely highlights the detailed text and Prybyla's forecasts of China's economic future. His suggested readings at the end of each chapter offer a useful guide for further research for the reader, who will welcome this informative evaluation. O.E.S.

DOCTORAL DISSERTATIONS ON CHINA, 1971-1975: A BIBLIOGRAPHY OF STUDIES IN WESTERN LANGUAGES. *Edited by Frank J. Shulman.* (Seattle, Washington: University of Washington Press, 1978. 320 pages, appendix, tables and indices, $17.50 cloth, $6.95 paper.)

This bibliography "is a comprehensive, interdisciplinary, classified listing of doctoral research dealing in whole or in part with China. . . ." O.E.S.

POLITICAL BEHAVIOR OF ADOLESCENTS IN CHINA: THE CULTURAL REVOLUTION IN KWANGCHOW. *By David M. Raddock.* (Tucson, Arizona: The University of Arizona Press, 1977. 242 pages, bibliography, notes and index, $8.95 cloth, $4.50 paper.)

David Raddock focuses on the manner in which the Cultural Revolution "tapped the energy resources of adolescence." O.E.S.

MAO'S CHINA: A HISTORY OF THE PEOPLE'S REPUBLIC. *By Maurice Meisner.* (New York: The Free Press, 1977. 416 pages, selected bibliography and index, $17.95.)

Meisner writes "a history of . . . a unique attempt to construct a socialist society in the world's most populous country." O.E.S.

P'YONGYANG BETWEEN PEKING AND MOSCOW. *By Chin O. Chung.* (University, Alabama: The University of Alabama Press, 1978. 230 pages, bibliography, notes and index, $15.00.)

Although at first the ongoing Sino-Soviet disputes posed serious problems for the Communist regime of North Korea, "in the course of time [the disputes] . . . afforded Communist regimes and parties in Asia an opportunity to enhance their independence by means of adroit maneuvering between Moscow and Peking, each of which had to court them in competition for their support." Chin Chung analyzes North Korea's relationship with China and the U.S.S.R. O.E.S.

THE SINKIANG STORY. *By Jack Chen.* (New York: Macmillan Publishing Company, Inc., 1977. 386 pages, glossary, selected bibliography and index, $17.95.)

Sinkiang Ulighur Autonomous Region of the People's Republic of China is the westernmost area of China and borders Central Asia on the east. Jack Chen describes the history and the future prospects of this ancient area of Asia. O.E.S.

CHINESE SHADOWS. *By Simon Leys.* (New York: The Viking Press, 1977. 220 pages and index, $10.00.)

Simon Leys writes that "however considerable the achievements of the present regime [in China] we should not forget . . . what price the people have paid for those accomplishments." Leys offers his impressions of the People's Republic after three visits there. O.E.S.

THE BROKEN WAVE: THE CHINESE COMMUNIST PEASANT MOVEMENT, 1922-1928. *By Roy Hofheinz, Jr.* (Cambridge, Massachusetts: Harvard University Press, 1977. 355 pages, bibliography, notes and index, $16.50.)

Roy Hofheinz writes about the Chinese Peasant Revolution of the 1920's, its history and the reasons for its failure. He shows how the rulers of modern Communist China learned from this failure. O.E.S.

THE CHINESE CONNECTION. *By Warren I. Cohen.* (New York: Columbia University Press, 1978. 322 pages, bibliography and index, $16.50.)

"This is a study of one element in the process of formulating American policy toward East Asia; of

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THE PATTERN OF CHINA'S TRADE

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about 50 percent higher than the corresponding average of 1961-1965. China is now the world's leading rice exporter.[10]

The expansion of China's rice exports was made possible by a combination of increased production, a larger allocation of the rice crop for export, and increased wheat imports, which could be used as a substitute for rice. China's 1975 rice production was about 50 percent higher than the 1961-1965 average. This resulted partly from expanded harvested areas, partly from higher crop yields. In 1975, about three percent of China's rice production was exported, in comparison to an average less than two percent for 1961-1965.[11]

While the volume of rice exports grew in the last two decades, the volume of meat and marine exports expanded even faster. During 1966-1976, earnings from meat and marine exports usually exceeded earnings from grain exports, although grain was the leading food export of China in the 1950's and the early 1960's. Fruit and vegetables invariably ranked behind.

Since 1961, grain (mainly wheat) has dominated China's food imports. During 1973-1975, China imported, on average, 5.4 million tons of wheat a year. This tonnage was about 80 percent higher than the corresponding average of Chinese rice exports. In 1975, wheat imports amounted to about one-eighth of China's wheat production.[12]

In terms of total food trade, China was invariably a net exporter during 1966-1976. Although earnings from her grain exports did not normally cover the costs of her grain imports, the deficit in the grain account was more than covered by the surplus from non-grain food exports (like meat, fish, vegetables and fruit).

This review reveals one important feature of China's trade policy: the continuation of rice exports while wheat is being imported. A possible reason for this rice-for-wheat swap is the relative price of the two grains. A comparison of unit values (i.e., value of input or export ÷ quantity of input or export) shows that rice usually costs twice as much as wheat. Because of this price differential, exchanging rice for wheat may augment China's grain supply at a minimal cost. During 1972-1975, for example, China exported $1.6 million metric tons of rice with a total earning of about $2.9 billion, while importing 21.4 million tons of wheat at a cost of about $3.1 billion.[13] These figures indicate that, in this period, the rice-for-wheat swap may have provided China with an additional grain supply of 8.4 million metric tons at virtually no cost.[14]

The rice-for-wheat swap has not been the only such operation. Sugar-for-sugar is another possibility. In the 1970's, China has been an importer of raw sugar and an exporter of processed sugar. The trade in both directions has expanded, with the total and unit value of the sugar exports each year almost invariably higher than the total and unit value of the imports.[15] Whether or not this sugar-for-sugar swap is a deliberate government policy is not clear; there has been no official confirmation.

In view of expanding domestic needs, it is not likely that China's food exports will grow faster than her food production, which will probably grow at the rate of 3 to 4 percent a year.

Until 1965, China was a net importer of crude oil, primarily from the Soviet Union. Since then, China has been self-sufficient in oil, and since 1973 she has become a net exporter of petroleum. It is estimated that China produced about 100 million metric tons of crude oil in 1977. Approximately 10 million tons were exported, with Japan the largest buyer.

There appears to be a fair degree of consensus that, by 1985, Chinese oil production will be in the range of 200 to 300 million tons.[16] China's export capacity

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[10]Based on the statistics given in *FAO Trade Yearbook* for 1975 and also issues for earlier years.

[11]Based on the statistics given in *FAO Production Yearbook* for 1975.

[12]*Ibid.*

[13]*Ibid.*

[14]This figure is obtained from the following calculation (based on the data for 1972-1975):

$$\frac{\text{\$2.9 billion (value of rice export)}}{\text{\$3.1 billion (value of wheat import)}} \times \text{21.4 million tons (tonnage of wheat import)}$$

= 20.0 million tons of wheat import (i.e., the tonnage of wheat import available at a total cost of $2.9 billion.)

20 million tons is about 8.4 million more than the 11.4 million tons of rice exported during 1972-1975. This calculation does not allow for the difference in the food value of rice and wheat. The net effect on China's grain supply should still be substantial even after adjusting for such a difference. The policy of the rice-for-wheat swap was officially confirmed by the following statement made by China's Vice Minister of Agriculture and Forestry at the United Nations World Food Conference held in November, 1974: "In about 3 years from 1972 up to now, we have imported over 2 billion U.S. dollars worth of grain, mainly wheat. In the same period, we have exported grains, mainly rice, valued at the same total amount. Therefore, China's imports and exports in the past 3 years strike a rough balance in value." See *Peking Review,* November 15, 1974, p. 12. The FAO statistics confirm this statement, which can also be construed as an official confirmation of the rice-for-wheat swap policy.

[15]See *FAO Trade Yearbook* for 1975.

[16]Assume that Chinese production in 1977 was 100 million metric tons. To reach the production targets of 200 and 300 million tons by 1985 implies an annual expansion of about 9 and 15 percent, respectively. These rates are not unreasonably high, considering the past record of China's oil production and the extensive exploration being undertaken on the mainland.

CHINESE INDUSTRY SHAPING UP

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future development will be subsidiary to the growth of large-scale, assembly-line tractor and other farm machinery plants. Do-it-yourself factories will be concentrated in areas in which topographical and other conditions call for the use of smaller farm equipment and will be integrated in the nationwide system of farm machinery repair stations. A commune workshop producing one or two combine harvesters a year from locally procured scrap is likely to become a rarity.

Unfortunately, industrial modernization is very expensive and much of the expense assumes the form of hard currencies, which China must somehow earn through exports or other means. One potentially profitable export is oil. In the past ten years or so, the oil extraction industry received plentiful allocations of funds and has progressed rapidly; in fact, oil production has been one of the fastest growing industrial branches in China since 1965. Between 1965 and 1975, crude oil output increased sevenfold.[15] While an enormous export effort will be needed to support the purchase of complete plants, equipment and technological information, a change in China's hitherto conservative attitude toward foreign trade financing may also be needed. Until recently, China has refused to use long-term bank arranged loans to help finance purchases of industrial plant and equipment. However, she did use deferred payments, that is, credits arranged by the selling company. Recently, the Chinese have reportedly agreed to accept West German bank loans tied to the purchase of specific projects. If the deals materialize, they will signal an interesting departure from past Chinese practice.[16]

CENTRALIZATION AND STRUCTURES

The planning apparatus and management of industry will probably become more centralized in the foreseeable future. Here, again, the change is not so dramatic as it appears. The center's control over provincially and other locally run industries was never so lax as it is now described, except over short periods. Admittedly, since the Great Leap Forward of 1958 and, more especially, during and after the Cultural Revolution (1966-1970), the dominant drift was toward decentralized, self-reliant, lower-level planning and supervisory units.[17] Since 1975, a number of new central ministries and high-level commissions have been set up, indicating that the reins of authority are once more to be held by the central planners.

More important, a new spirit animates discussion of China's economic system. As against the former penchant for fluidity of structure and blurring of hierarchies, the trend is toward formally defined, clear-cut, structured echelons of authority and responsibility, tighter command organization and elitism. Elitism had always been there, just under the surface, although its more blatant external manifestations were relentlessly eliminated and its very existence in China's new society was denied. So here, also, it is a question of modalities rather than changed principles.

PRODUCTION RESULTS

Although in the longer run (1965-1976), the industrial economy performed very respectably, in 1976 the situation in industry, as in other sectors, was unsatisfactory. Because of the incursion of factional politics into the economy (and to a lesser degree, because of the earthquakes), no industrial output growth was registered that year; indeed, there may have been a slight decline. In some branches of industry—coal, electricity, cement, iron and steel—there were serious disruptions. The worst was over by the end of the first quarter of 1977. Since then, production in most industrial branches has progressed steadily. Overall industrial output in 1977 increased by 14 percent over 1976. The extent of the 1976 disruption may be gauged by the fact that in the first 11 months of 1977 the number of capital projects built increased by more than 200 percent over 1976.[18] Taking 1965 =100, the index of industrial production in 1977 was probably about 300. Large increases (over the low levels of 1976) were registered in the production of tractors (40 percent) and chemical fertilizers (32 percent). Crude steel output in 1977 at roughly 24 million tons (21 million tons in 1976) was just about equal to production in 1974. The recovery continued into the first quarter of 1978. Compared with the first quarter of 1977 (still a troubled period)

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[15]The radicals, apparently, had been kept out of the petroleum industry. "When the Gang of Four ran amuck, not a single petroleum enterprise was toppled in the whole country. In no enterprise was production paralyzed or a unit confused." *JMJP,* August 14, 1977, in *SPRCP,* no. 6414, September 1, 1977, p. 132.

[16]Chinese officials insist that China has no external debts. This is, strictly speaking, not accurate. In 1976, China's foreign repayment obligations (both long-term deferred payments and short-term grain purchase credits) amounted to $1.3 billion, or 23 percent of the country's total hard currency earnings. The situation was roughly the same in 1977. This represents a high debt service ratio. See *The New York Times,* November 2, 1977, pp. 55, 57; and A. Donnithorne, "China's Import of Capital Goods and Policy on Foreign Credit, 1972-1974," *Australian Economic Papers,* June, 1977.

[17]The Gang of Four allegedly "opposed the unified leadership of the central authorities, which they slandered as 'fascist distatorship.' " *PR,* January 27, 1978, p. 12. Of course, had the Gang won, they would hardly have opposed the unified leadership of the central authorities.

[18]Peking Radio Domestic Service, December 31, 1977, in *FBIS,* January 3, 1978, p. E.18.

output in the first three months of 1978 was up by almost 30 percent for coal, 20 percent for steel, 10 percent for crude oil, 12 percent for natural gas, and 40 percent for textiles (170 percent for chemical fibers).[19]

The changes brought about so far in the industrial economy of China by the post-Gang leadership have been changes of degree rather than kind: quantitative rectifications of past policies rather than qualitative transformations of the underlying philosophy. However, the accumulation of marginal adjustments, provided it is allowed to go on long enough, can produce a profound qualitative change in the Maoist system. ■

[19] *PR*, April 7, 1978, pp. 4-5.

BOOK REVIEWS

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the way in which individuals outside the government convey their ideas . . . to the men responsible for policy decisions." Few Americans influenced our China policy after World War II; Warren Cohen details the influences that affected Roger Greene, Thomas Lamont and George Sokolsky and the manner in which they influenced others. O.E.S.

CHINA AND THE MAJOR POWERS IN EAST ASIA. *By A. Doak Barnett.* (Washington, D.C.: The Brookings Institution, 1977. 416 pages, sources and index, $12.95.)

This is a thoughtful study of the foreign relations of the People's Republic of China with other powers in East Asia. "Despite the expansion of Peking's ties with other nations, how to deal with Moscow, Tokyo and Washington remains the central foreign policy question for China's leaders." O.E.S.

CHINA-WATCH: TOWARD SINO-AMERICAN RECONCILIATION. *By Robert G. Sutter.* (Baltimore: The Johns Hopkins University Press, 1978. 155 pages, bibliography, notes and index, $10.95.)

Robert Sutter outlines the history of Sino-American relations as they were and as they are today. O.E.S.

CHINA, OIL, AND ASIA: CONFLICT AHEAD? *By Selig S. Harrison.* (New York: Columbia University Press, 1977. 317 pages, notes and index, $10.95.)

China hopes to reach an annual crude oil production of 400 million tons annually by 1990; some of her richest oil and gas deposits are offshore in disputed areas. Selig Harrison explores the dangers inherent in offshore exploration and drilling expansion as well as the overall problems of the production of oil and gas in China. O.E.S.

MAO TSE-TUNG AND THE CHINESE PEOPLE. *By Roger Howard.* (New York: Monthly Review Press, 1977. 394 pages, references and index, $16.50.)

This is a study of Mao Tse-tung in his "relation to the Chinese pepole." The book is extensively documented. O.E.S.

THE WIDENING GULF: ASIAN NATIONALISM AND AMERICAN POLICY. *By Selig S. Harrison.* (New York: Free Press, 1978. 468 pages, footnotes, bibliography and index, $15.95.)

This is a detailed analysis of the role played by nationalism in Asia today, in a country-by-country account of Asian-American relations. O.E.S.

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CHINESE EDUCATION

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deemed worthy of further study. This requirement has been abolished so that talented youth may go directly from secondary school to college or university. It was estimated that between 20 and 30 percent of those admitted in 1978 would be secondary school graduates exempted from labor service. The entrance examinations will not be easy. Some 20 million people were expected to apply when the entrance examinations were announced in November, 1977, but there were fewer than 200,000 available places in the institutions of higher education. The best qualified students will go to the "key universities," where they will find better teachers, a richer curriculum, better libraries and laboratories, and financial aid. Thus, two grades of higher institutions are in existence: the key universities and the others.

SCIENCE AND TECHNOLOGY

The blueprint of the current government of the People's Republic of China calls for speedy advance toward the "four modernizations." One of the four is the modernization of science and technology. The development of science and technology, indeed, is crucial to the success of the other three modernizations, i.e., agriculture, industry and national defense, as the new leaders have stated in their many pronouncements. No wonder, then, that the promotion of science and technology is a major objective.

The neglect of science and technology is blamed on the Gang of Four. A member of the Politburo reported in December, 1977, that "large numbers of universities and colleges and scientific research institutions were disbanded" by the radicals in power and that "the gap between China's level of science and technology and the world's advanced level has widened. . . . The quality of education has declined sharply." No sooner were the new leaders installed in office than they issued a call for a national science conference.

This conference was held in Peking in March, 1978, and was attended by nearly 6,000 scientists and technicians, peasants, workers, and cadres engaged in "scientific undertakings." The main address was delivered by Teng Hsiao-ping, the number two leader in the government, whose pragmatic views had made him a target of the ideologues and a victim of the purge during the Cultural Revolution.

Teng's address emphasized the importance of a policy that would relieve the intellectuals of political pressure and encourage them to put forth their best effort to develop science and technology in teaching and research. The Gang of Four, he said, "distorted the division of labor between mental and manual work. . . . Their aim was to attack and persecute the intellectuals." To effect a change, the stigma of "bourgeois intellectuals" must be avoided. It must be realized that "brain workers" and manual workers all work for a socialist society. Research in theoretical science must be supported and encouraged even though its importance may not be evident for some time.

The teaching of science and technology in schools and colleges was hampered by the radicals, who saw no use for the study of basic science because it was not directly related to production. It is necessary, however, to develop the teaching of basic science and laboratory work, so that higher studies and research may rest on a sure foundation. It appears that courses of study in graded sequence and the prescription of prerequisites for advanced courses will again characterize the academic program.

"Teachers with outstanding contributions in pedagogy should be commended and awarded." To enable scientists and technicians to concentrate on their work, Teng declared, "at least five-sixths of their work time should be left for their scientific and technical work. . . . We cannot demand that [they] study a lot of political and theoretical [ideological] books, participate in numerous social activities and attend many meetings not related to their work." The inordinate amount of ideological-political study and group meetings formerly demanded by the radicals is to be greatly curtailed. Teng's words must gladden the hearts of Chinese scholars, who have suffered suppression in silence. It is reported that some colleges have used Teng's five-sixths formula in planning their entire curriculum.

It remains to be seen whether Teng's de-emphasis of politics and ideology will stand unchallenged. In previous years, Teng has spoken in the same vein, only to be overruled and silenced. In his address, he hints at the need of loosening the control that party cadres exercise over scientists. He calls for a change in the manner the party exercises its leadership over intellectuals. Research institutes must be given a "free hand" in their work. "Divergent views on academic questions" must be heard and given due consideration. Leadership (by the party) should consist of enabling the research institutes to "produce scientific results and train competent people. . . . Otherwise, putting politics in command will remain merely empty talk." "We must listen closely to experts' opinions and enable them to play their full role." If these words are carried out, Chinese intellectuals will be encouraged to redouble their efforts.

Teng stresses the need to catch up with the rest of the world and to bring science and technology up to "world standards." This will be possible only if there are "a large number of scientists in engineering and technology who are first-rate by world standards." To "master the world's latest science and technology" it is necessary to learn from foreign nations; to this end "we must actively develop international academic exchanges and step up our friendly contacts with scientific circles of other countries." The limited opportunity now available for Chinese delegations of scientists to visit foreign countries and foreign experts to visit China may be expanded, and longer visits permitting serious study and research may be in the offing. Gradually, more Chinese students may study in universities abroad.

SUMMARY

As we look at Chinese education today, we see some changes that repudiate the program of the past decade, other developments that are a modification of past practice, and some indications that basic principles remain the same. Among the changes that indicate a turn in an opposite direction are a return to academic study, a policy of quality education and selection of talented students for advanced education, the regularization of schools resembling closely the articulated schools and full-time schools of conventional education, the greater importance of classroom study, new attention to science and technology, the organization of basic and theoretical courses of study, a more liberal policy toward intellectuals and teachers, and a positive control of education by the central government.

At the same time, some features of revolutionary education have been modified or liberalized. For example, the rustification program, the so-called "down to the villages and up to the mountains" movement initiated by Mao Tse-tung and institutionalized as a major feature of revolutionary education, has not been abandoned. But it no longer dominates the educational scene, nor is it now compulsory for all. Young people are permitted to apply for higher education without the previously required labor service. Manual labor is still considered an important part of educational experience, but it is limited to a designated and shorter period in the school year without serious interruption of study.

Some observers have spoken of demaoization comparable to destalinization. At this moment there is little basis for equating the two. Mao is still revered, at least verbally and officially. Some of his ideas have been criticized by indirection, largely by attributing the problems to the mischievous distortion of the radicals. But the basic principles of education spelled out by Mao in 1958—education must serve proletarian politics; it must be combined with productive labor; and it must accept the leadership and firm direction of the Chinese Communist party—are still held inviolable, although the methods of implementing and enforcing these principles have been modified. Not all leaders of party and government will go so far as Teng Hsiao-ping in diluting the role of politics and ideology; Maoism remains an active force.

Furthermore, the current leaders, not altogether sure of their power base, find it wise to rule as Mao's chosen successors. Maoist quotations can be used to support opposite sides of many a controversial issue, and the current leaders are just as eager to quote Mao selectively to support their policies as the ideologues and radicals were in their day. Terse Maoist "instructions" can be re-interpreted or the radicals can be accused of misinterpretation. In this way, the current leaders can still claim that they are following Mao's instructions.

The durability of current reforms is a moot question. Many factors are involved. The Gang of Four has been stripped of power, but the continued purge in various areas of the country indicates that there may be a nucleus of a radical Communist party wing that may constitute potential opposition to current reforms. If there is a strong nucleus of opposition, the new leaders may have to placate dissidents by making compromises and concessions. Furthermore, the top leaders of the government and the party do not agree on all issues of educational reform.

Revolutionary education is not without merit. Many of its criticisms of conventional education are well founded and sound familiar to educational reformers in the West who are disenchanted with the shortcomings of conventional education. The "open-door operation of schools" and the coordination of informal and nonformal educational activities outside the schools merit careful consideration and challenge a reexamination of the traditional concepts of education and schooling. On the other hand, by rejecting "bourgeois" academic learning, Maoist revolutionary education neglected realistic preparation for leadership, even within the narrow area of proletarian leadership as conceived by the radicals and ideologues. In addition, because it failed to provide realistic study of other countries and world affairs, Maoist revolutionary education under the control and management of the radicals did not turn out intelligent citizens for a Communist or socialist society in the changing world of the twentieth century.

It is possible that a better system of education may rise from a broadened program of academic learning enriched by some commendable innovations of revolutionary education. This, however, cannot be easily accomplished, especially when education shifts and turns with the changing tides of politics and ideology. But the goal of development and modernization set by the new government is not a simple goal that can be attained by hasty planning or piecemeal reforms. Recent educational reforms may be considered a promising beginning at best. What they will lead to and whether they will grow or stagnate depend on many uncertain factors. ■

FOOD IN CHINA

(Continued from page 72)

continuing precariousness of the country's essential energetic balance.[20] However, there is no doubt that available food is now much more evenly distributed—thanks to strict rationing, grain reserves at many

TABLE 2: Average Per Capita Food Consumption in China in 1976*

Foodstuffs	Annual Per Capita Consumption (kg)	Daily Per Capita Consumption Food Energy (kcal)	Protein (g)	Fats (g)
Rice	80.0	790	15	2.5
Wheat	33.5	330	10	1.5
Other grains	35.0	340	10	1.5
Pulses	6.5	60	4	0.5
Potatoes	101.0	260	3	1.0
Soya products	7.5	70	7	3.5
Sugar	4.0	40	0	0.0
Vegetables	75.0	50	3	0.5
Fruit	6.0	10	0	0.0
Meat	11.0	110	5	10.0
Poultry	3.0	10	1	1.0
Fish	8.0	20	4	1.0
Eggs	3.0	15	1	1.0
Milk	3.0	10	1	0.5
Vegetal oils	3.0	65	0	7.0
Animal fats	1.0	20	0	2.5
TOTAL	380.5	2,200	64	34.0
VEGETAL	351.5	2,015	52	18.0
ANIMAL	29.0	185	12	16.0

*Annual total is derived by dividing nationwide consumption figures from table 1 by mid-year population of 950 million.

[20]For China's past food balances see J. L. Buck, *Land Utilization in China* (Nanking: University of Nanking, 1937); T. H. Shen, *Agriculture Resources of China* (Cornell: Cornell University, 1951); W. Klatt, "Communist China's Agricultural Calamities," *The China Quarterly*, no. 6 (April-June, 1961), pp. 64-75; Ta-chung Liu and Kung-chia Yeh, *The Economy of the Chinese Mainland: National and Economic Development, 1933-1959* (Princeton: Princeton University Press, 1965); FAO, *Food Balance Sheets* (Rome: FAO, various years).

levels and the government's emergency interventions —and that the qualitative composition of a typical diet, especially in cities, is somewhat better. A comparison of China's gross per capita food availability with that of other nations puts the country (limiting the selection only to populous developing nations) at about the same level as Indonesia and Pakistan, somewhat ahead of India and Nigeria, and very much behind Mexico and Brazil.[21]

Gross food supply totals are useful for revealing historical or international comparisons but, taken alone, they are insufficient to judge the country's actual nutritional situation; for this information, the totals must be contrasted with food energy requirements.

ENERGY REQUIREMENTS

Food needs are primarily a function of age, sex, weight and physical activity, and all of these variables must be taken into account in estimating average energy requirements.[22] The Chinese population has, of course, a relatively young age structure—children under 9 years account for one-quarter of the national total—and typical body weights for children and adults of both sexes are still lower than in most developed countries. Consequently, the average Chinese food energy requirement, calculated with the standard assumption of moderate physical activity, is about 2,100 kcal per day per capita,[23] considerably below North American or European levels. Average supply as derived from the food balance sheet would thus be sufficient to satisfy basic physiological and work energy requirements, leaving even a tiny surplus. However, the standard calculations certainly underestimate the food requirements of the rural labor force.

In spite of recent intensive efforts to mechanize farm production, most Chinese agriculture still relies on human labor, and virtually all essential field tasks—ploughing, hoeing, watering, weeding, mowing, loading—require heavy rather than moderate energy expenditure. Other rural activities with heavy labor input include coal mining (one-third of China's coal is now extracted from mostly unmechanized small open pits and shallow shaft mines) and, above all, the continuous repair and construction of water control projects and the extension of cultivable lands. Building dams for small hydro stations, constructing irrigation and drainage canals, widening and straightening river beds and terracing new fields demand exceptionally heavy exertion in digging, ridging, lifting, loading and moving. The Chinese claim that at least 100 million people have been engaged in these activities every winter and spring since 1971, and several million are now working on these projects throughout the year. In view of these heavy labor engagements, it is not exaggerated to conclude that at least half of China's rural work force should be classified as very active; this assumption would raise nationwide food energy requirements by about seven percent above moderate activity needs, i.e., to approximately 2,250 kcal per day per capita, implying a slight supply deficit.

In reality, the gap might be a bit wider, because the food balance sheet, although it usually omits some minor food inputs like wild plants collected in forests and wild game, tends to overestimate the actual quantities of food consumed, failing to take account of any losses occurring after the food reaches the household (mainly in storage and during preparation). In any case, such a deficit is certainly not a sign of nationwide or chronic malnutrition. Because food balance sheets offer only approximate abstract averages, slight deficits—or even identical totals for food supplies and requirements—indicate rather the existence of regional disparities.

REGIONAL DISPARITIES

It should hardly come as a surprise that in the world's largest developing country, with varieties and fluctuations of climate, differences in soils, farm productivity and population density on a continental scale, there will be areas where people are consuming more than their essential nutritional requirements and there will be regions where the food intake is barely sufficient to provide for basic metabolic and activity needs and where recurrent food shortages are not compatible with vigorous and healthy life. Foreign visitors on guided tours do not, of course, report news of food shortages, nor has the New China News Agency been known to favor such items in its worldwide transmissions. But there have always been revealing accounts by refugees,[24] and, lately, there have been unusually candid admissions from the Communists themselves.

In Kansu, a northwestern province with some 20 million people, the 1976 grain production "fell notably," and the peasants' rations shrank; moreover, a Kansu provincial broadcast admitted that 1976 was the third year of gradually declining yields.[25] In Kiangsu, China's fourth most populous province (about 62 million people), vegetable and non-staple food production has been "developing at a slow pace"

[21]FAO, *1976 Production Yearbook* (Rome: FAO, 1977), pp. 243-244. FAO's estimate of average per capita daily food consumption in China—2,330 kcal for 1974—is higher than the figure presented in this paper for several reasons: it starts with higher production figures for some crops, it is based on a lower population total and it includes the Republic of China (Taiwan) food supply.

[22]Joint FAO/WHO Ad Hoc Expert Committee, *Energy and Protein Requirements* (Geneva: WHO, 1973).

[23]V. Smil, "China's Energetics: A System Analysis" in *Chinese Economy Post Mao, op. cit.*

[24]See, for example, M. and I. D. London, "The Other China," *Worldview,* vol. 19, nos. 5 and 6 (1976), pp. 4-11 and 43-48.

[25]Kansu provincial broadcast, July 3, 1977.

and "cannot meet the increasing needs of the people in the urban, industrial and mining areas."[26] Kweichow (24 million people in the southwest) produced only 62.8 percent of the national grain average for 1975 in the year 1976, and peasants' average grain rations were only 76.8 percent of China's mean.[27]

The situation in Szechwan, the country's most populous province with 100 million inhabitants and with excellent environmental conditions for multicropping, was so desperate in 1976 that even Han Suyin, well known for her uncritical admiration of the Communist regime, had to admit after her visit: "Famine reigned in Szechwan . . . public order had broken down . . . people had neither meat nor clothing."[28] And although the situation improved in 1977, a Szechwanese provincial broadcast last August was still reporting that people "in various places have been taught to persist in consuming grain in a planned and thrifty way."[29] The basis for future growth is very unsatisfactory even in Kwangtung, in many ways China's richest province, with more than 50 million people; a "fairly large proportion" of low-lying areas does not have proper flood-prevention facilities, water-logging is very serious, thousands of hectares of farm land are without irrigation and even larger areas have "a serious lack of fertilizer" and for that reason "do not meet the requirements of high yield."[30]

Regional disparities will not be soon eliminated. Although China is now in the midst of a massive effort to modernize her farm production, it will be long after the year 1980 (the original target date for "basic farm mechanization") that sufficient quantities of water pumps, field machinery, fertilizers and pesticides will largely neutralize the impact of the country's frequent weather fluctuations and insure higher and stable harvests. The record will have to improve; political turmoil and natural calamities (especially the widespread and long-lasting 1977 drought) have frozen the growth of China's grain production during the past three years and, in spite of sharply increased wheat imports, the per capita availability of food staples has declined since 1974. Chinese food consumption continues to be a frugal affair. But the "revolutionary masses," who (according to the rhetorical designs of their leaders) are to pour their energies into surpassing the world's most advanced industrial nations by the end of this century, would certainly welcome more bean curd skins and thousand-year eggs instead of more self-criticism campaigns and "class struggles." ■

[26]Kiangsu provincial broadcast, August 19, 1976.
[27]Kweichow provincial broadcast, July 8, 1977.
[28]Han Suyin, "Wir liegen jetzt 50 Jahre zurück," *Der Spiegel,* vol. 31, no. 48 (November 21, 1977), p. 189.
[29]Szechwan provincial broadcast, August 11, 1977.
[30]Kwangtung provincial broadcast, October 11, 1977.

CHINA'S NEW COURSE

(Continued from page 52)

pal ideas and policies have been attacked by attributing them to the discredited Gang of Four.

An example may serve to illustrate the point. During the year before his death Mao argued that, of the three "great struggles"—the class struggle, the struggle for production and the struggle for scientific experimentation—what he referred to as class struggle was to be taken as the "key link." Teng was regarded by Mao as having erred in failing to accept this principle and thus as an unacceptable successor to Chou as Premier. It is perhaps emblematic of the nature of the new course that the last word in that particular dispute is Teng's: an authoritative editorial in the party's organs informed its readers that the three struggles are now to be regarded as of equal importance and as inextricably interconnected.[20]

POPULAR CAUTION

Popular reaction to the new course in China is difficult to assess. There is every indication that the current calm is welcome after the Cultural Revolutionary storms of the past decade. Evidence of this is found in the content of the posters mounted in Peking's Tienanmen Square in early April, 1978, on the second anniversary of the incident which occurred there and which led to Teng's second dismissal from office.[21] On the other hand, there is also evidence of a certain caution on the part of those urged to implement the new policies. Such caution is understandable: when similar policies were implemented in the past—before the Great Leap Forward and again during the early 1960's, for example—a radical reaction against active supporters of these policies followed. Realizing this, *People's Daily* has repeatedly urged its readers not to "fear the ghosts" of the past, but to move boldly along the new course.

The two years since Mao's death have brought about significant changes in China's approach to the solution of her political, economic and social problems. For the new course to be successful, a period of political stability and the dedicated effort of the Chinese population are needed, and every effort appears to be being made by the present leaders to insure that stability and to secure that support. Whether Mao's warnings about the unintended consequences of the untrammeled pursuit of such a course—China's devolution into a socially polarized, politically bureaucratized and economically dependent peripheral state—will be borne out in practice will only be revealed with the passage of time. ■

[20]*People's Daily,* April 22, 1978.
[21]The posters were described in a series of dispatches by the Agence France Presse correspondent in Peking in early April. See *FBIS,* April 4, 5, 11 and 12, 1978.

THE CHINESE PEOPLE'S LIBERATION ARMY

(Continued from page 60)

Peking MR will defend the central sector, the Lanchow MR the western sector, and the Shenyang MR the eastern sector of Inner Mongolia. Such heavy reinforcment of the defense force could be interpreted as evidence of the Chinese leaders' decision to confront the Soviet Union with the full strength of China's regular force.

Along the east and northeast coastline, China's North Sea Fleet is deployed from the mouth of the Yalu River to the south of Lieyunkang. This 200-vessel fleet includes several large surface combat ships and submarines, but its influence is limited by the Soviet Pacific Fleet, which commands 60 major surface combat ships and 70 submarines. The expanding Soviet fleet is capable of blockading China but has not yet constituted a serious threat to her security.

In the south and southeast area, China's main concern has been Taiwan Strait. Four Military Regions with 12 of China's 37 field armies have been established in this area. Two naval fleets are assigned to guard the coastline, especially Fukien province. The East Sea Fleet, deployed from the south of Lieyunkang to Tangshan, must also patrol Taiwan Strait and the Pacific Ocean and observe Quemoy and Matsu, which are still in the hands of the Nationalists in Taiwan. This fleet has 500 vessels, including a large FPBG fleet and submarine-chasers.

The South Sea Fleet is deployed from Tangshan to the Vietnamese frontier. Obviously because of the lack of a major crisis in this area, the fleet has only 200 vessels of small tonnage and therefore is the weakest of the three fleets. Nevertheless, if China's relationship with Vietnam continues to deterioriate, China may reinforce the strength of this fleet. In 1974, China's navy took over the Paracel Islands from the South Vietnamese, after the Vietnamese invaded and occupied the islands. More recently, China has worried about a possible Soviet-encouraged Vietnamese takeover of pro-Chinese Cambodia. China is also arguing about the Chinese residents in Vietnam. According to unconfirmed reports, China has already sent extra naval forces to Hainan Island off the coast of Vietnam.[12]

In Taiwan Strait, China's main concern is Taiwan and her garrisons of Quemoy and Matsu off the coast of Fukien province. The Chinese Nationalists have a defense force of 80,000 in the two strongly fortified garrisons. Since 1940, China has vowed to have Taiwan returned to China. Hua Kuo-feng recently reasserted that Taiwan was part of the territory of China and that therefore "the Chinese People's Liberation Army must make all the preparations necessary for the liberation of Taiwan."[13] However, unless China uses her nuclear weapons to annihilate Taiwan and her two garrisons completely (an option China would probably not consider), a military takeover of these heavily fortified islands could prove to be very difficult.[14]

Over Taiwan Strait, China has not been able to assert her air or naval superiority.[15] Taiwan's naval force is equipped with Gabriel SSM's and modern ASW weapons. Her fleet includes 18 destroyers and 10 frigates. Her air force is equipped with Rafael Shafrir AAM's and is composed of 296 combat planes, including 180 F-5E, 90 F-100, and 63 F-104 jet interceptors. Taiwan can also produce F-5E's. The quality of Taiwan's aircraft and pilots is said to be higher than China's.[16]

Even assuming the Chinese force could successfully cross Taiwan Strait, it would still face a Nationalist army of 240,000 in Taiwan. The Taiwanese force is equipped with modern weapons, including one battalion of Honest John SSM's, two battalions of Nike Hercules SAM's and one battalion of HAWK SAM's.

In light of Taiwan's current defense strength, the Chinese will have to settle for the status quo in Taiwan Strait, at least for the time being.

China is also concerned about other areas. A recent Soviet naval build-up in the Indian Ocean has caused a great deal of uneasiness in China. However, China's only recourse is to repeat her call for the establishment of a U.N.-approved "peace zone" in the Indian Ocean in order to remove the Soviet influence and military threat from that area.[17]

MODERNIZATION AND THE PLA

In order to increase her options in both offensive and defensive strategy, China has decided to speed up the modernization of her PLA. In February, 1977, four National Conferences on Defense Modernization were convened in China, and a resolution was passed

[12]Report by the Christian Science Monitor News Service, in *Brandon Sun,* June 13, 1978. China has been worried about Soviet-Vietnamese relations and their pressure on Cambodia. *Far Eastern Economic Review,* March 3, 1978, p. 13. For China's reaction to Vietnam's expulsion of Chinese, see *Peking Review,* June 2, 1978, pp. 14ff.

[13]Hua Kuo-feng, *op. cit.,* p. 35.

[14]This observation was made by Drew Middleton in his "China's Army Is Not Believed Geared for an Invasion of Taiwan at Present," *The New York Times,* March 1, 1978.

[15]Russell Spurr shared this observation when he said "they [the Nationalists] would be quite sufficient under present conditions to assert air superiority over the Taiwan Strait," *Far Eastern Economic Review,* January 20, 1978, p. 38.

[16]For comment on the quality of the Nationalist Chinese air force, see Drew Middleton, *op. cit.;* for comment on the quality of the Communist Chinese air force, see Russell Spurr's report in *Far Eastern Economic Review,* December 9, 1977, p. 33.

[17]*Peking Review,* December 9, 1977, pp. 24-25.

to "push forward the defense industry and research work and strive for modernization of national defense and science and technology." On August 1 of that same year, celebrating Army Day, Yeh Chien-ying, in his capacity as Defense Minister and Vice Chairman, asserted that the army needed sophisticated weapons. In this important speech, Yeh defined the meaning of modernization:

> Our army's modernization calls for powerful ground, air and naval forces and modern arms and equipment, including guided missiles and nuclear weapons; it calls for rigorous and hard training to develop the ability to wipe out the enemy as required in actual combat, and mastery of the new techniques involved in handling modern arms and equipment and of the new tactics entailed.[18]

In March, 1978, in a speech to the National Science Conference, Hua Kuo-feng urged PLA commanders and fighters to study modern military science and techniques. Otherwise, he said, "they cannot use modern arms and equipment and cannot organize and direct modern warfare well."[19]

DEFENSE INDUSTRY

In order to modernize her PLA, China must improve and expand her military industry. Since the mid-1960's, China has produced a wide range of weapons, including tanks, submarines, jet fighters, bombers, FPBG's, nuclear bombs and guided missiles. China has also made impressive progress in areas like aerospace, shipbuilding and nuclear science. However, almost all Chinese-produced conventional weapons are based on outmoded Soviet models. China has encountered a great deal of technical difficulty in duplicating them. If China continues to copy these outdated weapons, she may have "an entire generation of obsolescent equipment." For this reason, China must seek modern sophisticated weapons technology from the advanced Western countries. However, until recently she has been reluctant to consider foreign weapons for both financial and ideological reasons, including Mao's doctrine of "self-reliance."

After Hua Kuo-feng and Teng Hsiao-p'ing took over the leadership, however, Chinese policy began to change. In late 1977, Teng called for the introduction of foreign technology as part of China's military modernization program. In March, 1978, Hua attested that "if we indiscriminately refused to learn from foreign countries, China would remain backward forever. What socialist modernization could one speak of then?"[20] Accordingly, from late 1976 to the present, China has invited American and European officials and military specialists, including former United States Secretary of Defense James R. Schlesinger and American commentator Drew Middleton, to observe China's military preparation. Obviously, one Chinese objective is to convince Western observers that China indeed needs better weapons to keep in check the expanding Soviet influence. Over the past several months, China has sent a number of key figures, including Ku Mu, a Deputy Premier, Yang Chen-wu, Deputy Chief of Staff, and Li Chien, Minister of Foreign Trade, to European countries to visit their military industries and to observe their military operations. China has shown particular interest in France's missile system, helicopters, nuclear reactors and computers. A recent report said China has already agreed in principle to purchase from France $625 million worth of weaponry. This would include a Crotale (=Cactus) low altitude SAM/SSM system, tanks, automatic weapons, anti-tank weapons and related technology.[21] The sale of these weapons is theoretically subject to the approval of the North Atlantic Treaty Organization's Coordinating Committee.

China has also shown an interest in Britain's Hawker-Harrier Jump-jet tactical fighters. Deputy

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[18]Vice Chairman Yeh Chien-ying, *op. cit.*, p. 14. See also *Hongqi (Red Flag)*, August 8, 1977, p. 15.

[19]Hua Kuo-feng, "Raise the Scientific and Cultural Level of the Entire Chinese Nation," *Peking Review*, March 31, 1978, p. 9. It is important to note that since 1949, almost all Chinese leaders including Mao Tse-tung, Lin Piao, Chu Teh, Yeh Chien-ying, and Teng Hsiao-p'ing, have called for the modernization of the PLA. Their primary disagreement has been the pace and priority of the process of modernization. In dispute has been how much importance should be given to Mao's doctrines on "self-reliance," "man over weapons," "politics in command," "people's war" and "paper tiger." It is impossible to examine these issues here. For a glimpse of this complicated problem, see G. J. Terry, "The 'Debate' on Military Affairs in China: 1957-1959," *Asian Survey*, August, 1976, pp. 788-813. Recently, the Chinese leaders have tried to deemphasize these doctrines. A joint editorial in *Jen-min Jih-pao*, *Hongqi*, and *Jiefangjun Bao*, stated recently "we must not mechanically apply quotations from Chairman Mao's works in disregard of the concrete time, place and circumstances, but we must grasp the essence of his works as a whole," *Peking Review*, September 13, 1977, p. 22. In an more obvious but indirect attempt to downgrade these doctrines, the Chinese Science and Technology Commission recently warned that "any one who still thinks that in any future war it will be possible to use broadswords against guided missiles and other nuclear weapons [was taking] a foolish and even criminal attitude." *The New York Times*, February 4, 1978. The "gang of four" is now being accused of making "absurd attempts to undermine the modernization of our army and render it backward and vulnerable," *Peking Review*, August 26, 1977, p. 54. See also "China Recasting Role of Army as Key Link in Modernization Bid," *Globe and Mail*, June 13, 1978.

[20]Teng has long been a proponent of the import of foreign technology. For his stand on the issue, see *The New York Times*, October 23, 1977, and *Economist* (London), August 6, 1977, p. 51. For Hua's statement, see *Peking Review*, March 31, 1978. p. 9.

[21]*Far Eastern Economic Review*, October 7, 1977, p. 47, and *Chinese Communist Affairs Weekly*, October 14, 1977, p. 19; *ibid.*, (Nov. 18, 1977), pp. 18-19. See also *Christian Science Monitor*, May 4, 1978, and *The New York Times*, May 3, 1978.

Premier Wang Chen has been quoted as saying that China intends to acquire such fighters. One report said China had agreed to procure up to 300 Harriers from Britain.[22]

China will probably be interested in United States underwater listening equipment for the detection of submarines, components for radar, jet engines, advanced satellites, reconnaissance systems, airframes and electronic devices.[23] However no formal request has been made as yet.

China has procured three highly sophisticated computers from Japan. China is also reported to be negotiating the procurement of 30 B-105 helicopters from West Germany, each of which has the capability of carrying six anti-tank missiles.[24]

However, because of her limited financial resources and foreign exchange, China is not able to purchase any expensive modern weapons and military equipment in large quantities. At present, China's annual defense budget is estimated to be $19 billion, or 10 percent of her GNP. Some estimate that the Chinese defense budget could even be as high as $23 billion-$28 billion. United States authorities believe that because China's defense spending will inevitably preempt a large portion of her advanced industrial sector, Chinese leaders will probably prefer a period of restraint in military spending until China's industries have significantly improved.[25] China is now weak in her key industries, especially iron and steel, petroleum, coal, power, chemical and machine-building, all related to China's military industry. The "steel industry" has been described by Chinese leaders as the "key link" to industrial development and to the modernization of the military. In 1977, China's industrial output rose by 14 percent and her steel output by 11.5 percent over 1976; however, this is mostly due to China's very poor industrial performance in 1976. The country's overall industrial output has not yet returned to a normal level. In order to speed up China's economic and industrial growth, Chinese leaders have recently decided to offer "material rewards" to the workers. A wage increase was also implemented in late 1977.[26] A joint editorial in *Jen-min Jih-pao (People's Daily), Hongqi (Red Flag)* and *Jiefanjun Bao (People's Liberation Army Daily)* asserted in August, 1977, that

> to build up a modern national defense, we should correctly handle the relations between defense construction and economic construction. . . . How can national defense be modernized if agriculture, industry and science and technology do not make progress?[27]

A recent editorial in the *Jiefanjun Bao* notes that while the modernization of weaponry was important, China could do so "only as far as the conditions of our country would permit."[28] For these reasons, Chinese leaders, for the time being at least, are not likely to push for the modernization of the military at the expense of the country's overall economic and industrial growth. In the foreseeable future, therefore, Chinese leaders will probably procure only a small number of selected sophisticated weapons and technology from advanced Western countries. In this way, China can either equip her armed forces with the new weapons, like the Harrier fighters, or use the technology to improve her military industries, or both. As General George Brown pointed out, "the Chinese are acquiring selected Western weapons technology that may lead to the production of more modern equipment." General Samuel Wilson has also observed,

> China is expected to allocate enough resources for maintaining its gradual defense modernization, and has been acquiring foreign technology intended for improvement of the defense industry as a whole.[29]

CONCLUSION

Because of her inferior military capability and limited resources, China's options in both offensive and defensive military strategies are restricted. The Chinese leaders are convinced that the improvement of the military is vital to their country's security. A decision has therefore been made to modernize the PLA with sophisticated weapons. However, the process of modernization will be gradual and systematic. For the time being at least, Chinese leaders will try to maintain a balance between military modernization and the country's economy. An extensive mod-

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[22] *The New York Times,* November 6, 1977. See also *Far Eastern Economic Review,* December 9, 1977, p. 32. For information on the agreement, see *Chinese Communist Affairs Weekly,* November 18, 1977, p. 19. One report said the United States had blocked the sale; see *Toronto Daily Star,* May 22, 1978.

[23] *The New York Times,* September 11, 1977; January 4, 1978. See also A. Doak Barnett, "Military-Security Relations between China and the United States," *Foreign Affairs,* April, 1977, pp. 584-597.

[24] *Toronto Daily Star,* May 22, 1978, and *Chinese Communist Affairs Weekly,* February 3, 1978, p. 23.

[25] China has not publicly announced her budget figures since 1960. Figures in this paragraph are computed from *Allocation of Resources, op. cit.,* pp. 11, 14, 68 and 93. The figure of $23-$28 billion is from *Strategic Balance 1977-78,* p. 54.

[26] Figures on China's industrial output are from the 1978 New Year's Day editorial by *Jen-min Jih-pao, Hongqi* and *Jiefangjun Bao,* reprinted in *Peking Review,* January 6, 1978, p. 8, and *The New York Times,* December 26, 1977, and *Far Eastern Economic Review* January 6, 1978, pp. 66-67. For more detail on the issue of military modernization versus national economy, see M. D. Eiland, "Military Modernization and China's Economy," *Asian Survey,* December, 1977, pp. 43-57. For a report on the "gang of four" and China's industry, see *China Quarterly,* March, 1978, pp. 137ff.

[27] "Speed up the Modernization of National Defence," joint editorial by *"Jen-min Jih-pao, Hongqi,* and *Jiefangjun Bao,* celebrating the 50th anniversary of the founding of the PLA, reprinted in *Peking Review* (August 5, 1977), p. 17. See also *Hongqi,* August 8, 1977, pp. 18-20.

[28] Quoted in *The New York Times,* February 4, 1978.

[29] For General Brown's observation, see Brown, *op. cit.,* p. 101. For General Wilson's statement, see Wilson, *op. cit.,* Part 2, p. 68.

ernization of the PLA must therefore wait until China's industry and economy have significantly improved. Some selective but concrete efforts have already been made to improve the capability and efficiency of the military. One of them is China's recent attempt to procure more modern weapons and weapons technology from European countries.

Meanwhile, China will continue to develop her nuclear-missile-satellite programs. Her long-term objective is to transform her limited capability of nuclear deterrence into a credible, retaliatory, second-strike force. Chinese leaders are convinced that with such a force China would be free of nuclear pressure from her adversaries, notably the Soviet Union. They believe that China could then negotiate with the Soviets on a more equal basis. So far, China has no plan to build an ABM (anti-ballistic missile) system or to match the nuclear capability of either the Soviet Union or the United States.

For the time being, China's strategic options on the Sino-Soviet border and in Taiwan Strait are restricted, and China will probably have to settle for the status quo. In the near future, China will continue to maintain a defensive military posture with a limited capability of nuclear deterrence. ■

CHINA AND THE THREE WORLDS

(Continued from page 56)

course since 1974 but long blocked by disagreement over an "anti-hegemony" clause proposed by Peking. On June 14, 1978, the two sides reached agreement for the resumption of negotiations on the projected treaty, and on July 21, in Peking, the long-stalled negotiations finally began again. And finally, on August 12, a peace treaty was signed—with a proviso added to qualify the hegemony clause.

THE FIRST WORLD

There remains the first world. For a decade and a half, Peking has rejected reconciliation with the Soviet Union, and there has been no basic change in that position since the death of Chairman Mao. In his report of February, 1978, to the Fifth NPC, Hua Kuo-feng held to the established line by saying that, if Moscow desired improved relations, "it should prove its sincerity by deeds." And as usual he set forth Chinese preconditions, including the withdrawal of Soviet armed forces from both the Mongolian People's Republic and the Sino-Soviet borders "so that the situation there will revert to what it was in the early 1960s."

Moscow has not bowed to such demands. And a Soviet move in March, 1978, proposing negotiations designed to improve bilateral relations was curtly rebuffed by the Chinese. Still, it is significant that, without attendant fanfare, Sino-Soviet trade continues —if at a low level. And there have been other developments that seem to indicate a mild détente in Sino-Soviet relations. On October 6, 1977, the New China News Agency announced that an agreement had been reached on Chinese navigation in a channel at the confluence of the Amur and Ussuri Rivers—a matter that had been under negotiation for eight years. On April 26, Vice Minister for Foreign Affairs Leonid Ilyichev, chief of the Soviet delegation charged with negotiations respecting Sino-Soviet frontier questions, returned to Peking after an absence of 18 months.

At this juncture, an untoward event intervened. On the night of May 8-9, a force of some 30 Soviet border guards crossed the Ussuri River and penetrated about four kilometers into Chinese territory. The Peking government promptly delivered a note of protest to Soviet Ambassador Tolstikov. On May 12, the Soviet Embassy expressed the Soviet government's "profound regrets" for the incident, and Tass explained that the border guards had lost their bearings and mistaken the Chinese shore for a nearby Soviet island. Peking professed dissatisfaction with the explanation, but the second meeting of the Chinese and Soviet border negotiators took place on May 12 as scheduled. And the matter of the Soviet intrusion was quickly forgotten.

It is clear that Moscow will not make major concessions to China without a substantial Chinese quid pro quo—and what has Peking to offer? Improvement of Sino-Soviet relations can only come in little ways, as China herself may choose to make adjustments to the greater military, political and economic power that confronts her. And China's strategic decisions in that regard will obviously depend in good measure on the reception accorded her strategic moves by other countries—and particularly by the other superpower, the United States.

China's relationship with that "secondary enemy" has undergone substantive change in the past year. The August, 1977, visit by United States Secretary of State Cyrus Vance to Peking for the professed purpose of furthering Sino-American relations put to a fresh test the standing issue of whether "normalization" of diplomatic relations is feasible in the light of the United States commitment to Taiwan. Before Vance's arrival in Peking, the New China News Agency released a statement by Foreign Minister Huang Hua regarding the matter in point. Huang reiterated the established Chinese position: for the normalization of Sino-American relations, the United States must sever its diplomatic relations with the Nationalist regime, withdraw all its armed forces and military installations from Taiwan and the Taiwan Strait area, and abrogate its mutual defense treaty with the Taipei government. Said Huang:

> Taiwan Province is China's sacred territory. We are determined to liberate Taiwan. When and how is entirely China's internal affair. . . .

In his banquet toast, Secretary Vance said that United States President Jimmy Carter viewed the China relationship "as a central element in our foreign policy," but—not surprisingly—his mission failed to advance the stalled "normalization" process.

Subsequent developments suggested an American shift. On February 2, in his annual defense position statement, Secretary of Defense Harold Brown asserted that effective relations with China were important "not only because China is a strategic counterweight to the Soviet Union, but also because such relations will strengthen the interest of the People's Republic of China in regional stability." Then, on May 20, United States national security adviser Zbigniew Brzezinski began a three-day visit to Peking in the course of which he stated that President Carter was determined to join the Chinese in overcoming obstacles remaining in the way of full normalization. Further, he and his aides "gave Chinese officials an unprecedented, detailed briefing on the status of Soviet-American arms talks and explained at length the contents of some secret White House memorandums on American security goals. . . ."

Brzezinski's technological expert, Benjamin Huberman, "discussed with the Chinese the possibility of expanding technological exchanges." On June 8, a report from Washington, D.C., said that the administration had agreed to a Chinese request for "airborne geological survey equipment using an infrared scanning system, which it will not sell to the Soviet Union because of potential military uses." This reversed a decision of early May to prevent the Daedalus Enterprises, Inc., from selling such equipment to China because of potential military use. Finally, it was reported that, in Peking, Brzezinski asserted that the American approach to relations with China was based on three fundamental beliefs, namely "that friendship between the United States and the People's Republic of China is vital and beneficial to world peace; that a secure and strong China is in America's interest; that a powerful, confident and globally engaged United States is in China's interest."

With the growth of tensions between the United States and the Soviet Union over everything from human rights to African policies, the United States had apparently edged toward support of China's "security" position vis-à-vis the Soviet Union—as Peking desired. But here it is important to note the conflict of interests confronting a "globally engaged United States," involved in widely separated world sectors, and facing knotty problems of priorities. The United States is notably closer to the "industrialized democracies" of the American-sponsored trilateral combine comprising itself and Canada, West Europe, and Japan, than it would be to any united front conceived by the "proletarian dictatorship" in Peking. The disparity in ideology, interests and power (political, economic and military) between China and the United States points up the difficulties attending a close collaboration.

How much will the United States help China to achieve her power goals—in both economic and political terms? And what policy course will be followed by the United States if it concludes that Chinese and American world aims are not, after all, either parallel or compatible? The United States, too, is governed by considerations of national interest.

This is only one of the challenging problems confronting China in her contemporary relations with the three worlds. In the final analysis, for all of her endeavors over the years to manipulate such disparate international entities as Albania and Yugoslavia, Cuba and Argentina, Zambia and Zaire, Vietnam and North Korea, ASEAN and EEC, and the three powers that in one way or another "contain" her with their political and economic might—the United States, the U.S.S.R. and Japan—China's current grand strategy is not productive of the power she seeks. The three worlds concept is not working out in the apocalyptic pattern visualized by the messianic Mao Tse-tung. Like other countries, rich and poor, dictatorial, "bourgeois," and "socialist," China shares a destiny that has certain common elements—the first being survival on an imperiled planet. The future involves revolutionary elements, but the revolution will not be in the Maoist pattern. And China will probably in time change her three worlds strategy, when she comes to the full realization that "peaceful coexistence" is in truth a prerequisite for all, since there is in the final political arithmetic only one world. ■

THE PATTERN OF CHINA'S TRADE

(Continued from page 78)

could reach 30 to 50 million tons; her actual exports might not reach this level. At the current price of about $90 per ton, an export of 30 to 50 million tons could generate foreign exchange earnings of $2.7 billion to $4.5 billion. This could make petroleum the undisputed leader of Chinese exports and could substantially bolster China's ability to import capital goods.

Whether or not these export targets are reached depends not only on production but also on domestic consumption and world market conditions. The future of China's oil production will depend on her offshore explorations and on onshore development. Expanding production in the area of Pohai Gulf may be essential to fulfilling the expected production target. Offshore drillings and production, however, require heavy capital investment and technology, not all of which are available on the Chinese mainland. Foreign participation could help to bridge the financial and technological gaps, but to find a formula that is compatible with Peking's policy of self-reliance is

not an easy task. The "do-it-yourself" approach will be time-consuming and could mean delay in reaching the target.

During 1957-1974, oil consumption on the Chinese mainland grew on average 18 percent a year, while production expanded about 23 percent a year. It is not likely that either of these high growth rates will be maintained in the coming decade. A recent Western study shows that China's demand for energy has an income elasticity of 1.42 (i.e., a one percent increase in GNP will result in an increase of 1.42 in energy consumption).[17] An annual economic growth (measured in terms of real GNP) of 6 to 7 percent will result in an increase of 8.5 to 9.9 percent in the domestic demand for energy. If the domestic consumption of oil grows at 10 percent per year (to reach 200 million tons by 1985) and if oil exports expand at a rate of 15 percent a year (to reach 30 million tons by 1985), a production of 230 million tons will fulfill these goals. This requires an annual growth of about 11 percent in oil production for the period from 1977 to 1985. These production and export targets appear to be achievable, provided the annual growth of domestic consumption does not exceed the 10-percent level, even with the implementation of the farm mechanization and other programs.

Foreign economic policy will obviously have a significant impact on the Chinese economy. Among other things, China needs capital goods of high technology, metals, industrial raw materials and grains from the West. She also needs foreign markets to generate export earnings to pay for these imports. To fulfill these needs, China must resolve many problems. Solutions for these problems would be substantially simplified if China allowed foreign participation or cooperation (without ownership) in some of those technology-oriented undertakings (like offshore exploration for oil, steel production). But China is still reluctant to accept foreign assistance beyond limited technical assistance in plant construction and personnel training. While this reluctance reduces the risks of foreign domination of the Chinese economy, it tends to slow down China's development. To choose one of these alternatives is a delicate decision involving politics as well as economics. ■

[17]CIA, *China: Energy Balance Projections* (Washington, D.C., 1975), pp. 9-10.

BOOK REVIEWS

(Continued from page 80)

THE ORIGINS OF THE COLD WAR IN ASIA. *Edited by Yonosuke Nagai and Akira Iriye.* (New York: Columbia University Press, 1977. 448 pages, index, $20.00.)

This collection of essays by Japanese, American, and British scholars helps to fill glaring gaps in our knowledge of how the Cold War originated in the Far East. The essays are without exception impressively researched, analyzed, and written.

Nakajima Mineo suggests that Stalin took advantage of Washington's faulty China policy to start the Korean war and increase Mao's dependence on Moscow; Robert Slusser traces Soviet interest in Korea; and Akira Iriye examines U.S.-Japanese relations during the 1941 to 1949 period.

Alvin Z. Rubinstein
University of Pennsylvania

YEARBOOK ON INTERNATIONAL COMMUNIST AFFAIRS, 1978. *Edited by Richard F. Staar.* (Stanford, California: Hoover Institution Press, 1978. 497 pages, bibliography and index, $35.00.)

Those concerned with the latest developments in individual Communist parties around the world will welcome the latest edition of the *Yearbook on International Communist Affairs*. An indispensable tool for research and reference, it provides valuable information on more than 80 Communist part organizations and on 12 international Community front organizations. A.Z.R.

THE DIPLOMACY OF DETENTE: THE KISSINGER ERA. *By Coral Bell.* (New York: St. Martin's Press, 1977. 278 pages, index, $12.50.)

The purpose of this book is to examine "détente as an American foreign policy concept deployed in relationships with both China and the Soviet Union: that is, to see détente as a diplomatic strategy for a triangular power balance." It focuses on the policies of Henry Kissinger from 1969 to 1977.

An astute and respected analyst, Dr. Bell treats a variety of critical issues with a sure grasp of subject matter and admirable clarity. Her discussion of Kissinger's ideas, strategic stability, the Middle East crisis of 1973, China's opening to the West, and other themes is tightly argued. A.Z.R.

THE AMERICAN TOUCH IN MICRONESIA. *By David Niven.* (New York: W. W. Norton and Company, 1977. 224 pages, sources and index, $9.95).

After World War II, the United States assumed control from Japan of some 2,000 islands in the Pacific, "with a total land area of only a few hundred square miles" scattered for 3,000 miles "from slightly west of Honolulu to within 500 miles of the Philippines." The islands are deemed to be strategically important.

This book tells of a fumbling American colonial administration, marked by corruption, callousness and stupidity. A.Z.R. ■

THE MONTH IN REVIEW

A Current History chronology covering the most important events of July, 1978, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab League

(See also *Nonaligned Nations*)

July 27—Arab League foreign ministers, meeting in Belgrade, Yugoslavia, agree on a proposal advanced by the nonaligned nations' meeting to ask for a special U.N. General Assembly session to discuss Palestine and the Middle East.

Arms Control

July 13—U.S. Secretary of State Cyrus Vance and Soviet Foreign Minister Andrei Gromyko conclude their strategic arms talks (SALT) in Geneva without any major agreement; they agree to confer in New York in September.

July 19—The East-West Conference on Mutual and Balanced Force Reductions in Europe, which has been in session in Vienna for the last 5 years, is recessed without reaching any agreement.

July 23—In its annual report, the U.S. Arms Control and Disarmament Agency estimates military spending by the world's nations in 1976 at almost $400 billion.

European Economic Community (EEC)

July 7—The leaders of the EEC countries, meeting in Bremen, Germany, agree to implement a new European currency stabilization program in which the major European currencies will float against the dollar with a $50 billion stabilization fund in reserve.

General Agreement on Tariffs and Trade (GATT)

July 13—Meeting in Geneva, in the Tokyo Round of talks on liberalizing world trade, the major industrial democracies agree in principle on new steps liberalizing world trade and eliminating unfair commercial practices; the agreement will be presented to the July 16 world economic summit meeting in Bonn.

Middle East

(See also *Lebanon*)

July 2—After meeting with Israeli Prime Minister Menahem Begin in Jerusalem, U.S. Vice President Walter Mondale says that Israel has agreed to a conference at the ministerial level with Egypt and the U.S. to take place in London July 18-20.

July 3—Egypt agrees to send Egyptian Foreign Minister Mohammed Ibrahim Kamel to the London conference.

July 4—The U.S. ambassador to Israel will give Israeli Foreign Minister Moshe Dayan the details of an Egyptian peace plan on July 5; the plan calls for a 5-year transitional rule in the Israeli-occupied West Bank of the Jordan River and the Gaza Strip and their eventual return to Egypt and Jordan.

July 5—The Egyptian Foreign Ministry makes public the new Egyptian peace proposals.

July 9—The Israeli Cabinet calls Egyptian President Anwar Sadat's peace proposals "completely unacceptable." The Cabinet agrees to send Israeli Foreign Minister Moshe Dayan to meet in London with Egyptian Foreign Minister Kamel and U.S. Secretary of State Vance.

Egyptian President Sadat and Israeli opposition Labor party leader Shimon Peres meet in Vienna and fail to agree on Middle East peace proposals.

July 13—Israeli Defense Minister Ezer Weizman and Egyptian President Sadat meet in Fuschl, Austria.

July 16—The U.S., Egypt and Israel agree to move the site of their coming talks to Leeds Castle, 45 miles from London, for security reasons.

July 18—Talks between U.S. Secretary of State Vance, Egyptian Foreign Minister Kamel and Israeli Foreign Minister Dayan open at Leeds Castle.

July 19—Egypt, the U.S. and Israel conclude their talks about the Middle East at Leeds Castle; no agreement was reached.

July 23—The Israeli Cabinet refuses an Egyptian request to return El Arish in the Sinai Desert and Mt. Sinai to Egyptian authority.

July 24—Israeli Foreign Minister Moshe Dayan tells the Israeli Parliament that Israel will be willing to discuss the status of the West Bank of the Jordan River and the Gaza Strip in 5 years.

July 25—Egyptian government sources say that Israel's proposal to discuss the status of the Gaza Strip and the West Bank in 5 years has been rejected.

July 26—Egypt orders Israel to withdraw her military mission from Egypt at once; Begin says Israel will comply with the request.

July 30—After 3 days of meetings with U.S. special envoy to the Middle East Alfred Atherton, Jr., Egyptian President Anwar Sadat says he does not favor a renewal of peace talks with Israel at this time because of Israel's "negative and backward attitude."

July 31—Acting on instructions from U.S. President Jimmy Carter, U.S. State Department spokesman Hodding Carter 3d issues a statement in Washington, D.C., saying that the U.S. is "very disappointed that President Sadat has said that Egypt will not participate in another round of negotiations with Israel. . . ."

Nonaligned Nations

July 30—The foreign ministers of the nonaligned nations end their 6-day meeting in Belgrade, Yugoslavia, and agree to meet in 1979 in Havana, Cuba; the closing declaration proposes compromises on both political and economic measures.

Organization for Economic Cooperation and Development (OECD)

July 25—In a report on the U.S. economy released in Paris, the OECD warns that the U.S. should accept a sharp cut in economic growth and a possible rise in unemployment in 1979 to strengthen the dollar and reduce inflation.

Organization of African Unity (OAU)

July 18—The OAU holds its annual conference in Khartoum.
July 22—The OAU meeting ends; there is no consensus on what to do about foreign military intervention.

Organization of American States (OAS)

July 1—The OAS ends its 8th annual general assembly in Washington, D.C., asking Chile, Paraguay and Uruguay to eliminate human rights abuses.
July 18—Grenada becomes the 11th OAS member to ratify the American Convention on Human Rights, which establishes a 7-judge Inter-American Court of Human Rights. The convention is in force only in the 11 ratifying countries.

United Nations

(See *Lebanon; Namibia*)

World Economic Summit Talks

(See also *Japan*)

July 16—Leaders of Britain, France, Italy, Canada, the U.S., West Germany, Japan and the Common Market's Executive Commission meet in Bonn to discuss world economic conditions. U.S. President Jimmy Carter reaffirms the U.S. agreement to reduce oil imports and to strengthen the dollar.
July 17—Leaders of the largest industrial democracies end their summit meeting in Bonn, agreeing on moves to lessen worldwide unemployment and to stabilize their economies.

ALBANIA

(See also *China*)

July 30—In response to China's July 13 termination of aid, the Central Committee of the Albanian Communist party makes public a 56-page letter to the Chinese government detailing Albania's views on the growing controversies between the two countries.

ANGOLA

(See *Zaire*)

ARGENTINA

July 19—The U.S. Export-Import Bank refuses to lend Argentina $270 million because of her human rights violations.

AUSTRALIA

July 20—Deputy Prime Minister J.D. Anthony and Finnish Acting Trade Minister Paul Paavela sign an agreement that insures that any uranium Australia sells to Finland will be used for peaceful purposes.

BOLIVIA

July 9—Nationwide presidential and congressional elections are held; these are the first general elections in 12 years.
July 12—At the request of the Bolivian Permanent Assembly of Human Rights, an international commission investigates election fraud charges and reports that widespread fraud was perpetrated by the government.
July 19—The Electoral Court nullifies the results of the presidential election, in which General Juan Pereda Asbún was the unofficial winner.
July 21—Under pressure from the armed forces, President Hugo Banzer Suárez announces his resignation; a 3-member interim military junta will run the government under Juan Pereda.
General Pereda is sworn in as President by the junta.
July 24—A predominantly civilian Cabinet is sworn in.

CAMBODIA

July 14—In Bangkok, Deputy Prime Minister Ieng Sary arrives for discussions with Thai officials concerning Cambodian incursions into Thai territory.
July 15—Cambodian Deputy Prime Minister Sary and Thai Foreign Minister Uppadit Pachariyangkun reportedly agree to try to end the border incidents and to exchange ambassadors.

CHILE

(See also *U.S., Foreign Policy*)

July 24—Air Force Commander General Gustavo Leigh is dismissed from his Cabinet position in the military junta; he is also relieved of his air force command. General Fernando Matthei, the Minister of Health, is named to replace Leigh. Leigh was a strong advocate of a speedy return to civilian rule.

CHINA

(See also *Albania; U.S., Foreign Policy; Vietnam*)

July 3—In Peking, Hsinhua, the government press agency, reports that all economic aid to Vietnam has ended; the government withdraws all its aid advisers from Vietnam. Over the past 20 years, China has given Vietnam nearly $10 billion in economic assistance.
July 7—In Peking, a U.S. science and technology mission meets with Chinese scientists to discuss increased cooperation and trade between the two countries.
July 13—The government announces the end of all economic aid to Albania because she has been following an "anti-China course."
July 19—The Peking government offers to hold high level talks with Vietnamese officials to resolve the difficulties over repatriating ethnic Chinese from Vietnam.

ECUADOR

July 16—Nationwide presidential elections are held; for the last 6 years the government has been controlled by the military.
July 17—Returns from yesterday's election give no candidate a majority; a runoff election will be held in a month. With two-thirds of the vote counted, Jaime Roldos, the candidate of a populist party, the Concentration of Popular Forces, wins 32 percent of the vote; former mayor of Quito Sixto Duran Ballen and Raul Clemente Huerta, both representing centrist parties and coalitions, win 21 percent of the vote each.

EGYPT

(See *Intl, Middle East*)

ETHIOPIA

July 26—The National Revolutionary Operations Command announces that government forces have recaptured the major supply town of Tessenei, near the Sudanese border.
July 28—The government press agency reports that government troops have freed Asmara, the Eritrean capital, from rebel control.

FRANCE

July 22—It is reported that in Tahiti, France has carried out her biggest underground nuclear test to date.

GERMANY, WEST

July 28—Chancellor Helmut Schmidt announces a $7.31-

billion economic program intended to stimulate business and provide tax relief.

GHANA

July 5—General Ignatius K. Acheampong resigns unexpectedly as Head of State; no official reason is given. He is succeeded by his deputy on the ruling military council, Lieutenant General Fred W.K. Akuffo.

July 6—Lieutenant General Akuffo is sworn in as Head of State; he releases opposition political leaders who have been imprisoned since March, 1978.

INDIA

July 2—General Secretary of the Janata party Rabi Ray resigns to protest the removal of Home Minister Charan Singh and Health Minister Raj Narain by Prime Minister Morarji Desai on June 30; they were removed because they criticized the government's failure to act against former Prime Minister Indira Gandhi.

July 11—The government files preliminary charges against Indira Gandhi for illegally detaining opposition leaders and for harassing officials during the state of emergency declared in 1975.

Gandhi's son, Sanjay, is charged with acting illegally because he ordered the large-scale demolition of private property in New Delhi in the course of a beautification project.

July 22—The government formally charges Indira Gandhi with conspiracy and criminal misconduct for allegedly forcing businesses to provide automobiles for her re-election campaign in 1977.

IRAN

July 3—Shah Mohammed Riza Pahlevi issues orders forbidding members of his royal family from entering into business deals from which they stand to profit because of their family connections.

IRAQ

July 9—In London, Iraq's former Prime Minister, Colonel Abdul Razzak al-Naif, is shot and killed by Iraqi terrorists.

July 17—In Beirut, Al Fatah, the guerrilla group that dominates the Palestine Liberation Organization, accuses the Iraqi government of seizing a PLO arms plant and small ship factory.

July 27—In London, 5 members of the Iraqi diplomatic staff are ordered to leave England by the British Foreign Office because of "increasing concern at the threat posed by terrorist activities in London, particularly against Arab targets."

July 31—In Paris, an Arab terrorist takes hostages in the Iraqi embassy; in the ensuing melee, the Arab terrorist, 3 French police officials and an Iraqi security guard are killed.

ISRAEL

(See also *Intl, Middle East*)

July 4—Prime Minister Menahem Begin wins a vote of confidence by a 72-38 vote.

July 6—Concerned about the recent Syrian shelling of Christian communities in Beirut, the government orders jet fighters to fly over Muslim sections of Beirut.

July 7—Israel reinforces her military forces along her borders with Syria and Lebanon.

ITALY

July 8—The Electoral Assembly elects 81-year old Sandro Pertini of the Socialist party as President to replace Giovanni Leone, who resigned last month.

July 9—Sandro Pertini is sworn in as Italy's 7th President.

July 26—Communist party leaders agree to continue to cooperate with the ruling Christian Democrats.

JAPAN

July 8—In Tokyo, Kiichi Miyazawa, head of the Economic Planning Agency, remarks critically on the administration of U.S. President Jimmy Carter and its lack of plans for the forthcoming economic talks in Bonn.

July 12—On the eve of Prime Minister Takeo Fukuda's departure for the world economic summit talks in Bonn, the government reports that it plans to reduce its trade surplus by $4 billion by stepping up its imports, including $1 billion worth of enriched uranium ore from the U.S.

July 25—Following a statement made in an interview last week in which he said the army had the right to make a decision to attack, General Hiroomi Kuirsu, chairman of the Joint Staff Council, is dismissed.

KOREA, SOUTH

(See also *U.S., Foreign Policy, Political Scandal*)

July 14—In Seoul, 5 public officials are arrested and charged with corruption; among the five is Yook In Soo, President Park Chung Hee's brother-in-law and a member of the National Assembly.

LAOS

(See *Vietnam*)

LEBANON

(See also *Israel*)

July 1—In Beirut, fighting breaks out between Christian militia groups and Syrian Arab peacekeeping forces; 22 people are killed.

July 6—As fighting between Christians and Syrian forces continues in Beirut, President Elias Sarkis submits his resignation to Parliament.

July 12—Former President Camille Chamoun, leader of the right-wing Christians, criticizes Sarkis's decision to resign "during the most serious situation."

July 15—President Sarkis announces that he has decided not to resign as President.

July 16—For the 1st time in two weeks, all fighting in Beirut stops.

July 23—Fighting between Christians and Syrians breaks out in Al Hadath, a suburb of Beirut, close to the presidential palace.

July 27—The U.S. State Department advises American civilians to leave Lebanon because of a "deteriorating security situation."

July 28—Foreign Minister and Defense Minister Fuad Butros informs the U.N. Security Council that at U.N. Secretary General Kurt Waldheim's urging, Lebanon has agreed to supplement U.N. troops along the Lebanese-Israeli border area.

July 29—In Beirut, fighting erupts between Syrians and Christians, ending a 72-hour lull.

MALAYSIA

July 8—National parliamentary elections are held.

July 9—The ruling National Front wins 98 of the 154 seats in Parliament; the Democratic Action party wins 15 seats and the Islamic party wins 5.

MAURITANIA

July 10—President Moktar Ould Daddah is deposed in a coup d'état by army Chief of Staff Colonel Mustapha Ould Salek.

July 11—The new government, headed by the Military Committee for National Redress, announces the appointment of a Cabinet consisting of 8 military men and 8 civilians, headed by Colonel Ould Salek.

NAMIBIA (South-West Africa)

July 8—In Pretoria, South African Foreign Minister Roelof F. Botha announces that changes in the April, 1978, Western plan for black majority rule in Namibia will not be acceptable to South Africa.

July 10—In Luanda, representatives of 5 Western nations, the U.S., Canada, Britain, France and West Germany, meet with Namibian guerrilla leader Sam Nujumo, head of the South-West Africa People's Organization (SWAPO).

July 12—Negotiators in Luanda announce that SWAPO has agreed to the Western plan for black majority rule in Namibia.

July 13—In Pretoria, Foreign Minister Roelof Botha and Defense Minister Pieter Botha announce that South African troops will be withdrawn from Namibia when a cease-fire goes into effect.

July 27—The U.N. Security Council approves the Western-backed independence plan by a 13-0 vote; the U.S.S.R. and Czechoslovakia abstain.

The Council votes 15 to 0 to reintegrate Walvis Bay into Namibia as soon as possible. The port city of Walvis Bay is now administered by South Africa.

July 28—In Pretoria, South African Prime Minister John Vorster reaffirms his position on Walvis Bay. He says that his government will not "be dictated to" by the U.N.: "No decision of the U.N. or any other body could deprive South Africa of [the port]."

July 31—The Cabinet withholds its approval of the U.N. plan for independence for Namibia until U.N. special representative Martti Ahtisaari of Finland submits a report on the implementation of the plan.

NICARAGUA

July 19—Leaders of the Broad Opposition Front call a general strike to protest the oppressive policies of the government of General Anastasio Somoza Debayle.

NIGERIA

July 19—In a speech in Khartoum at the Organization of African Unity meeting, Nigerian leader Lieutenant General Olusegun Obasanjo warns the Soviet Union and Cuba "not to overstay their welcome" in Africa.

PERU

July 18—In an attempt to stem the protests against the government, the government issues an amnesty for all political prisoners.

PORTUGAL

July 24—3 Cabinet members, Center Democrats, resign because of a disagreement over land policy.

July 27—President António Ramalho Eanes dismisses Mário Soares as Prime Minister and dissolves the Cabinet.

RHODESIA

July 1—In eastern Rhodesia, nationalist guerrillas attack a cattle ranch owned by whites and kill 14 black farm laborers and children.

July 14—Black nationalist guerrillas kill 21 black civilians in a town north of Salisbury.

July 22—The High Court in Salisbury sentences 3 businessmen to fines totaling $314,000 for their part in a multimillion dollar plan to divert money from an arms-buying account to private accounts in Switzerland.

Military headquarters in Salisbury reports that two weeks ago 39 black civilians were killed by black nationalist guerrillas of the Patriotic Front. The murdered civilians were apparently supporters of Reverend Ndabaningi Sithole's organization. Subsequently, 106 guerrillas were killed by government security forces. No reason is given for the delayed announcement.

July 24—It is reported that government troops and black nationalist guerrillas have been fighting in Salisbury. This is the 1st time in 6 years that fighting has been reported in the capital.

July 30—In Salisbury, a military communiqué reports that the government has launched raids into Mozambique in an attempt to destroy the guerrilla forces of Robert Mugabe of the Patriotic Front.

July 31—Military headquarters announces that government troops have successfully completed their raids into Mozambique and have destroyed 10 guerrilla bases there.

SAN MARINO

July 5—It is announced that the Communist party will form a coalition government with the Socialist and other parties; the new government will hold 31 of the 60 seats in Parliament.

SOLOMON ISLANDS

July 7—After 85 years of British rule, the people of the Solomon Islands become independent.

SOUTH AFRICA

(See also *Namibia*)

July 11—Following the death of a young black man in police custody in Port Elizabeth, Justice Minister James Kruger orders an investigation of that security unit. In September, 1977, Steven Biko, a black leader, died of head injuries while in the custody of the same unit and in the same building.

July 21—The police commissioner, General Michael Geldenhuys, announces that disciplinary measures will be taken against 3 members of the security branch in Port Elizabeth.

SOUTHERN YEMEN

July 2—In Cairo, representatives of 15 Arab countries vote to block all economic, political and cultural aid for Southern Yemen and its new Marxist government led by Abdel Fattah Ismail.

SPAIN

July 12—Following the deaths of 2 young Basques, fighting in San Sebastián continues for the 4th day between Basque separatists and riot police.

July 21—In Madrid, Brigadier General Juan Sanchez Ramos and his aide, Lieutenant Colonel Juan Perez Rodriquez, are assassinated by terrorists believed to belong to a left-wing terrorist group.

SUDAN

July 29—President Gaafar al-Nimeiry assumes the Cabinet post of Minister of Defense; he names new ministers for Transportation and Energy.

THAILAND
(See *Cambodia*)

U.S.S.R.
(See *Intl. Arms Control; U.S., Foreign Policy*)

July 4—It is reported that last week the Interior Minister of the Republic of Azerbaijan and 2 other officials were shot and killed by a prison administrator, who then killed himself.

July 5—In an address to the Supreme Soviet, Premier Aleksei N. Kosygin accuses the U.S. of being unwilling "to establish normal conditions for trade."

July 7—In Washington, D.C., U.S. State Department spokesman Hodding Carter 3d says that "the fate of Mr. Shcharansky and Mr. Ginzburg [two Soviet dissidents who go on trial July 10] will be an important indicator . . . for the constructive development of U.S.-Soviet relations."

July 13—Aleksandr Ginzburg is found guilty of "anti-Soviet agitation and propaganda" and is sentenced to 8 years in a labor camp.

July 14—Anatoly Shcharansky is found guilty of treason, espionage and "anti-Soviet agitation" and is sentenced to 13 years in prison and labor camps.

July 18—A Soviet court finds two U.S. journalists, Craig R. Whitney of *The New York Times*, and Harold D. Piper of the *Baltimore Sun*, guilty of libeling Soviet television employees; it fines them $1,647 each and orders them to publish retractions.

July 23—Ilya S. Shcherbakov is named ambassador to China; the former ambassador was removed last month.

UNITED STATES

Administration

July 6—Attorney General Griffin Bell discharges J. Wallace LaPrade, former head of the New York regional office of the Federal Bureau of Investigation; LaPrade was accused of lack of cooperation in an internal bureau investigation of alleged illegal investigative methods used by his office against antiwar radicals.

U.S. district court Judge Thomas Griesa issues an order holding Attorney General Griffin Bell in contempt of court for refusing to release files on informers in the Socialist Workers party; the party asked for the files as evidence in a $40-million suit against the government.

July 7—Judge Murray Gurfein of the United States Court of Appeals for the Second Circuit issues a stay of the contempt order against Attorney General Griffin Bell, pending government appeal of the order.

U.S. district court Judge Oren Lewis rules in Alexandria, Virginia, that former Central Intelligence Agency agent Frank Snepp 3d violated his contract with the agency when he wrote a book about CIA activities during the American evacuation of Saigon; Judge Lewis directs Snepp to turn over his "ill-gotten gains" to the government.

In U.S. district court, Judge Albert Bryan sentences former United States Information Agency employee Roland Humphrey and Vietnamese graduate student David Truong to 15 years in prison as spies for Vietnam; the men were convicted on espionage charges May 19.

July 10—Secretary of Housing and Urban Development Patricia R. Harris discloses that HUD and the Departments of Labor, Justice and Interior plan to pool $209 million to help rehabilitate and improve public housing services like recreation and security and to create jobs in public housing projects across the country.

July 12—In an interview with West European television correspondents in Washington, D.C., President Carter says the U.S. has reduced its oil imports and is running up trade deficits because of its purchase of foreign manufactured goods, not oil.

July 14—Secretary of Health, Education and Welfare Joseph Califano, Jr., issues new regulations further restricting the use of federal funds for abortions.

July 20—Presidential special assistant for health affairs Peter Bourne resigns after it is revealed that he issued a sedative prescription using a fictitious name.

July 24—President Carter says in a memorandum he expects every member of the White House staff to obey the drug laws or "seek employment elsewhere."

July 29—In a directive to Secretary of Health, Education and Welfare Joseph Califano, Jr., President Jimmy Carter unveils a national health and insurance program to cost approximately $40 billion. Califano is to develop legislation that will be submitted to Congress in 1979.

Civil Rights

July 6—U.S. district court Judge Malcolm Lucas rules that the July 8, 1977, seizure of documents by the Federal Bureau of Investigation (FBI) from the Church of Scientology was legal.

July 9—The National Socialist party of America (Nazi) holds a rally in Chicago; about 72 people are arrested.

Nearly 100,000 demonstrators march in Washington, D.C., in support of an extension of the deadline for ratification of the equal rights amendment.

July 12—The Justice Department begins a formal inquiry into the activities of Gary Rowe, Jr., a Ku Klux Klan informant for the FBI during the 1960's; it is believed that Rowe may have taken part in some of the crimes he reported to the FBI.

July 15—Hundreds of American Indians and several thousand supporters reach Washington, D.C., after a 5-month walk from the West Coast to protest proposed legislation that Indians believe is anti-Indian.

July 24—*New York Times* reporter M. A. Farber is fined and jailed in New Jersey and *The New York Times* is fined by Superior Court Judge Theodore Trautwein in Hackensack for refusing to make reporters' notes available for possible use in the trial of Dr. Mario Jascalevich for murder.

July 27—In a 38-page decision, U.S. district court Judge John Sirica declares unconstitutional a federal law that prevented the assignment of women to Navy sea duty except on a hospital or transport ship.

July 28—*New York Times* reporter M. A. Farber receives a temporary stay of sentence from the New Jersey Supreme Court and from Associate Justice of the U.S. Supreme Court Byron White.

Economy

July 3—The Department of Commerce reports that the government's index of leading economic indicators fell 0.1 percent in May.

July 7—The Labor Department reports that unemployment fell to 5.7 percent in June.

The Bureau of Labor Statistics reports that wholesale prices rose 0.7 percent in June.

July 19—The American Petroleum Institute reports that American oil imports fell 12.8 percent in the first 6 months of 1978.

July 21—The Commerce Department reports that, in the 2d quarter of 1978, the nation's economic growth rate was 7.4 percent and that inflation rose at an annual rate of 10.1 percent.

July 26—The Department of Commerce reports that the June trade deficit was $1.6 billion, the second smallest monthly deficit since President Carter was inaugurated and a 50 percent cut compared to June, 1977.

The overall trade deficit for the 1st 6 months of 1978, however, is reported at $16.4 billion, 42.4 percent higher than the deficit of the first 6 months of 1977.

July 28—The Bureau of Labor Statistics reports that the consumer price index rose 0.9 percent in June, sending the annual rate of inflation over 10 percent.

July 31—The Commerce Department reports that the index of leading economic indicators rose 0.4 percent in June.

Foreign Policy

(See also *Intl, Arms Control, Middle East, World Economic Summit Talks; Japan, Lebanon*)

July 2—U.S. Ambassador to Chile George Landau returns to Chile after 10 days of consultations in Washington, D.C.

July 5—The State Department says that President Carter has ordered U.S. ships to pick up refugees fleeing from Indochina; they will be allowed to resettle in the U.S.

July 8—Secretary of State Cyrus Vance announces that 2 government missions to Moscow will be cancelled as a protest over the scheduled Moscow trials of Russian dissidents Anatoly Shcharansky and Aleksandr Ginzburg.

July 10—In Peking, presidential science adviser Frank Press meets with Chinese Deputy Prime Minister Teng Hsiao-ping to discuss an exchange of technological information.

July 12—In interviews with French and West German television correspondents at the White House made public today, President Carter calls the trials of Russian dissidents now taking place in Moscow "an attack on every human being who lives in the world who believes in basic human freedom and is willing to speak for these freedoms or fight for them."

In an interview in Geneva, chief U.S. representative to the U.N. Andrew Young condemns the Moscow dissidents' trial but confirms that he said that "there are hundreds, perhaps thousands of political prisoners in the U.S."

July 13—President Carter arrives in Bonn for 2 days of talks with West German Chancellor Helmut Schmidt, prior to an economic summit meeting.

Andrew Young meets with Secretary of State Cyrus Vance in Geneva and subsequently says he did not mean to "equate the status of political freedom in the United States with that of the Soviet Union" when he spoke in Geneva on July 12 about "political prisoners in the U.S."

July 15—White House press secretary Jody Powell says that President Carter telephoned Andrew Young to tell him "he was very unhappy about his choice of words and several of the statements" Young made this week.

July 18—According to White House sources, President Carter will place oil technology exports to the U.S.S.R. on the commodity control list of the Department of Commerce; in addition, the President cancels the sale of a Sperry Univac computer to the Soviet Union.

July 20—At a White House news conference, President Carter says, "I have not embarked on a vendetta against the Soviet Union."

July 25—The Senate votes 57 to 42 to lift the 42-month embargo on U.S. military aid to Turkey, as part of an amendment to a $2.9-billion international security bill. The measure goes to the House of Representatives.

The Defense Department's Nuclear Defense Agency reports that the U.S.S.R. has gained or is moving toward superiority in 10 out of 13 strategic nuclear weapons systems and nuclear forces.

July 26—Defense Secretary Harold Brown, meeting with South Korea's Minister of National Defense, says that the administration is committed to the "security and well-being" of South Korea.

Labor and Industry

July 21—The U.S. Postal Service and the National Association of Letter Carriers, the American Postal Workers Union and the Mail Handlers Division of Laborers' International reach a tentative agreement on a 3-year contract that will give postal workers a 19.5 percent wage and benefits increase over the period of the contract.

Legislation

July 31—The House Committee on Assassinations publishes 3 photos and 2 drawings of unidentified persons for possible identification by the public; the committee wants to question the 5 persons as possible witnesses in the assassinations of President John F. Kennedy and civil rights leader Martin Luther King, Jr.

Political Scandal

July 12—After an 18-month investigation into South Korean influence-buying, the House Ethics Committee votes to proceed with disciplinary action against Representatives Edward Patten (D., N.J.), John McFall (D., Cal.), Edward Roybal (D., Cal.) and Charles Wilson (D., Cal.).

July 28—Leon Jaworski announces from Houston, Texas, that he is resigning as special counsel to the House Ethics Committee because his committee has been unable to obtain testimony from former South Korean Ambassador to the U.S. Kim Dong Jo that he considered necessary to a continuing investigation into the South Korean influence-buying scandal.

Supreme Court

July 3—By a 6-2 vote, the Supreme Court rules against an Ohio capital punishment statute that deprives 2 accused murderers of their constitutional rights by defining mitigating factors so narrowly.

The Court ends its 1977-1978 term.

VIETNAM

(See also *China*)

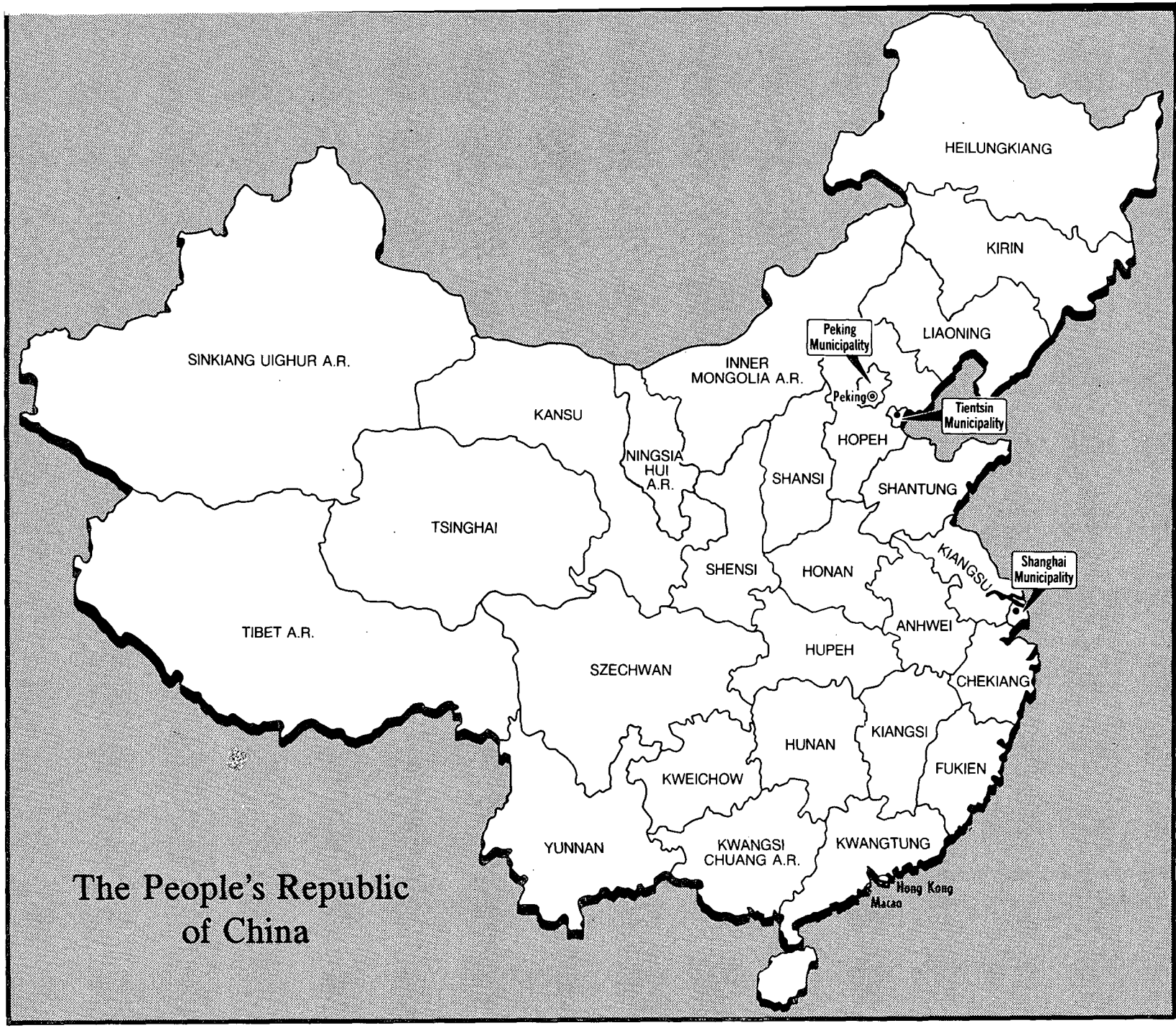
July 2—Hanoi radio reports that the government is willing to talk about the ethnic Chinese problem with representatives of China.

July 22—An editorial in the Laotian Communist party newspaper and a statement issued in the name of Laotian Prime Minister Kayson Phomvihane give Laotian support to Vietnam in her growing dispute with China and Cambodia.

ZAIRE

July 17—It is announced in Kinshasa that Angola and Zaire have agreed to reopen the Benguela railroad line from Kolwezi to the Angolan port of Lobito on the Atlantic.

July 25—In Belgrade at the conference of nonaligned nations, Foreign Minister Umba-Di-Lutete announces that President Mobutu Sese Seko and Angolan President Agostinho Neto have reached an agreement in which each country will make sure its territory is not used to launch an invasion of the other. ■



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